

CAMPAIGN GUIDE

FOR NONCONNECTED COMMITTEES

About this Guide

This *Campaign Guide for Nonconnected Committees* replaces the March 1995 edition. It summarizes the federal campaign finance laws applicable to nonconnected committees as of February 2002. It does not reflect changes to the Federal Election Campaign Act (FECA) resulting from the Bipartisan Campaign Reform Act of 2002. That legislation takes effect on November 6, 2002, and does not alter the regulations for the 2002 federal elections.

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Using This Guide

Citations

Authorities primarily cited in this Guide include FEC regulations and *advisory opinions* (AOs).

All regulatory citations are to Title 11 of the Code of Federal Regulations, Parts 100–116 and 9001–9039.

Copies of AOs may be obtained from the FEC; in addition, each AO is summarized in the Commission's monthly newsletter, the *Record*. AOs are also reported in the *Federal Election Campaign Financing Guide*, published by Commerce Clearing House, Inc.

Italicized Words

Terms printed in *italics* in this Guide have specific definitions under the election law. Definitions of these terms can be found in Appendix F.

Getting More Help

Advisory Opinions

Any person or group requiring a clarification of the election law with regard to an activity that they plan to undertake may request an AO from the FEC. Individuals and organizations involved in the activity specifically addressed in an AO (or in an activity that is materially indistinguishable) may rely on the opinion for legal guidance.

AO requests may be addressed to the Office of General Counsel at:

Federal Election Commission
999 E Street, NW
Washington, DC 20463

Toll-Free Line

Many questions about federal campaign finance law do not require formal advisory opinions. Such questions may be addressed to trained FEC staff members by calling the FEC's 800 number, below. Persons in the Washington, DC, area may call locally. The numbers are:

800/424-9530
202/694-1100
202/219-3336 (TDD)

Hearing-impaired persons may reverse the charges when calling long-distance on the TDD number.

Free Publications

In addition to this Guide, the FEC publishes a series of brochures and other publications on several aspects of campaign financing and the election law. Subscriptions to the Commission's newsletter, the *Record*, are available free of charge. Write or call the FEC for a list of publications currently available.

FEC Web Site

Filing forms and other informational materials, such as advisory opinions and recent changes in the FEC regulations are also available on the FEC web site (www.fec.gov).

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Introduction

This supplement summarizes the regulatory changes the Commission has made as a result of the *Bipartisan Campaign Reform Act of 2002*. The material has been excerpted from past *Record* articles.¹ The excerpts are arranged chronologically.

The Commission encourages readers to insert this Supplement into their *Campaign Guides* and to consult it, along with the *Guides*, until the revised *Guides* are available to the public. ♦

¹ *The final rules on nonfederal funds or “soft money” were summarized in the [September 2002 Record](#), page 1; final rules on electioneering communications were summarized in the [November 2002 Record](#), page 3; final rules on contribution limits and prohibitions were summarized in the [December 2002 Record](#), page 8; final rules on “other provisions,” coordinated and independent expenditures and BCRA reporting requirements were summarized in the [January 2003 Record](#); and interim final rules on the millionaires’ amendment were summarized in the [February 2003 Record](#), page 2. Complete information on BCRA rulemakings is available on the FEC web site at www.fec.gov—click on the BCRA icon.*

Nonfederal Funds or “Soft Money”

On June 22, 2002, the Commission promulgated new and revised rules based on provisions of the Bipartisan Campaign Reform Act of 2002 (BCRA) that restrict and, in some cases, ban the receipt, solicitation and use of nonfederal funds (sometimes called “soft money”). These rules:

- Prohibit national parties from raising or spending nonfederal funds;
- Require state, district and local party committees to fund certain “federal election activities” with federal funds and, in some cases, with money raised according to new limitations, prohibitions and reporting requirements (i.e., “Levin funds”¹), or with a combination of such funds; and
- Address fundraising by federal and nonfederal candidates and officeholders on behalf of party committees, other candidates and nonprofit organizations.

(continued on page 2)

¹ See p. 4 for a full description of “Levin funds.”

Soft Money

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The final rules and their Explanation and Justification were published in the July 29 *Federal Register* (67 FR 49064) and are available on the FEC web site at http://www.fec.gov/pdf/nprm/soft_money_nprm/fr67n145p49063.pdf.

Part I: General Information and Terminology

Organization. In order to implement the BCRA, the Commission has revised its existing regulations and added new 11 CFR part 300, which contains most of the rules governing party committees' use of nonfederal funds and the so-called "Levin funds." New part 300 contains five subparts, which address the use of nonfederal funds by each of the following entities:

- National party committees;
- State, district and local party committees;

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- Federal candidates and officeholders;
- State and local candidates; and
- Tax-exempt organizations.

The rules applicable to each of these entities are addressed in detail below, in Part II: Application.

Federal election activity. Many provisions of the BCRA are framed in terms of "federal election activities." As used in 11 CFR part 300, "federal election activity" means any of the following activities:

1. Voter registration activity during the 120 days before a regularly-scheduled federal election and ending on the day of that election;
2. Voter identification, generic campaign activities² and get-out-the-vote activities that are conducted in connection with an election in which one or more candidates for federal office appear on the ballot (regardless of whether state or local candidates also appear on the ballot);
3. A public communication³ that refers to a clearly-identified federal candidate and that promotes, supports, attacks or opposes any federal candidate (This definition applies regardless of whether a nonfederal candidate is also mentioned or identified in the communication and regardless of whether the communication expressly

² "Generic campaign activity" means a public communication that promotes or opposes a political party and does not promote or oppose a clearly-identified federal or nonfederal candidate. 11 CFR 100.25.

³ A "public communication" means any communication by means of television (including cable and satellite), radio, newspaper, magazine, billboard, mass mailing, telephone bank or any other form of general public political advertising. Communications over the Internet are not included in the definition of public communication. 11 CFR 100.26.

- advocates a vote for or against a federal candidate.); and
4. Services provided by an employee of a state, district or local party committee who spends more than 25 percent of his or her compensated time during that month on activities in connection with a federal election. 11 CFR 100.24(b).

The Commission has also adopted regulations at 11 CFR 100.24(a) that define certain terms used in the above definition of "federal election activity":

1. "In connection with an election in which a candidate for federal office appears on the ballot" means:
 - In an even-numbered year, the period beginning on the day of the earliest filing deadline for primary election ballot access under state law—or on January 1 in states that do not hold primaries—and ending on the day of the general election or the general election runoff if a runoff is held; or
 - In an odd-numbered year, the period beginning on the day that the date is set for a special election in which a federal candidate appears on the ballot, and ending on the day of that election.
2. "Voter registration activity" means contacting individuals by telephone, in person or by other individualized means to assist them in registering to vote. This activity includes, but is not limited to, printing and distributing registration and voting information, providing individuals with voter registration forms and assisting individuals with completing and filing these forms.
3. "Get-out-the-vote activity" means contacting registered voters by telephone, in person or by other individualized means in order to assist them in voting (unless the activity is undertaken

by state or local candidates and/or officeholders, or an organization of such candidates or officeholders, and refers only to one or more state or local candidates). This activity includes, but is not limited to:

- Providing individual voters, within 72 hours of an election, with information about when and where polling places are open; and
 - Transporting, or offering to transport, voters to polling places.
4. “Voter Identification” means creating or enhancing voter lists by adding information about voters’ likelihood of voting in a particular election or voting for a particular candidate (unless the activity is undertaken by state or local candidates and/or officeholders, or an organization of such candidates or officeholders, and refers only to one or more state or local candidates).

The regulations also identify activities that are *not* included in the definition of “federal election activity.” These are:

1. A public communication that refers solely to one or more clearly-identified candidate(s) for state or local office and does not promote, support, attack or oppose a clearly-identified candidate for federal office. A public communication would, however, be considered a federal election activity if it constituted voter registration, generic campaign activity, get-out-the-vote activity or voter identification;
2. A contribution to a candidate for state or local office, unless the contribution is designated for voter registration, voter identification activity, generic campaign activity, get-out-the vote activity, employee services for these activities or a public communication;

3. The costs of state, district or local political conventions, meetings or conferences; and
4. The costs of grassroots campaign materials that name or depict only a candidate for state or local office. 11 CFR 100.24(c).

Agent. In most cases, regulations that apply to a party committee, a federal candidate or officeholder or a state or local candidate also apply to any “agent” acting on behalf of that individual or organization. For the purposes of 11 CFR part 300, the term “agent” is defined as any person who has “actual authority, either express or implied” to engage in specifically-listed activities on behalf of another person or organization. 11 CFR 300.2(b).

Directly or indirectly established, maintained, financed or controlled. Most of the new regulations that apply to a party committee or a federal candidate or officeholder also apply to any entity “directly or indirectly established, maintained, financed or controlled” by the committee, candidate or officeholder. The new regulation at 11 CFR 300.2(c), which is based on the existing “affiliation” regulation at 11 CFR 100.5(g)(4), includes a series of factors that must be considered, in the context of an overall relationship, to determine whether the presence of one or more of these factors indicates that the individual or committee established, finances, maintains or controls the organization. An entity will not be considered to be directly or indirectly established, financed, maintained or controlled based solely upon activities undertaken before November 6, 2002.

Part II: Application

National Party Committees, Including National Congressional Campaign Committees

General prohibitions. Beginning on November 6, 2002, national

party committees may not solicit,⁴ receive, direct to another person or spend nonfederal funds, that is, funds that are not subject to the limits, prohibitions and reporting requirements of the Act.⁵ Moreover, such committees must use only federal funds to raise funds that are used, in whole or in part, for expenditures and disbursements for federal election activity. 11 CFR 300.10.

Tax-exempt organizations. National party committees may not solicit funds for, or make or direct donations to, tax-exempt 501(c) organizations, or an organization that has applied for this tax status, if the organization makes expenditures or disbursements in connection with federal elections, including federal election activity.⁶ 11 CFR 300.11(a). The committee may establish whether or not the organization makes expenditures or disbursements in connection with federal elections by obtaining a signed certification from an authorized representative of the organization. The certification should state

(continued on page 4)

⁴ For the purposes of 11 CFR part 300, to “solicit” means to “ask that another person make a contribution, donation, transfer of funds, or otherwise provide anything of value, whether the contribution, donation, transfer of funds, or thing of value, is to be made or provided directly, or through a conduit or intermediary.” Merely providing information or guidance as to the requirement of a particular law does not constitute a solicitation. 11 CFR 300.2(m).

⁵ Commission regulations at 11 CFR 300.13(c) address interim reporting requirements between November 6 and December 31, 2002.

⁶ In no case is a committee prohibited from responding to a request for information about a tax-exempt group that shares the party’s political or philosophical goals. 11 CFR 300.11(f).

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that within the current election cycle the organization has not made, and does not intend to make, such expenditures and disbursements, including payments for debts incurred in an earlier cycle. 11 CFR 300.11(c).

National party committees may solicit funds for, or make or direct donations to, so-called “527 organizations” only if these organizations are:

- Political committees under Commission regulations; or
- State, district or local party committees or authorized campaign committees of state or local candidates. 11 CFR 300.11(a)(3).

Office Building Funds. After November 5, 2002, national party committees may no longer accept funds into party office building accounts and may not use such funds for the purchase or construction of any office facility. Any funds remaining in an office building account on November 6 must be disgorged to the U.S. Treasury or returned to donors no later than December 31, 2002. Any refund check not cashed by February 28, 2003, must be disgorged to the Treasury by March 31. 11 CFR 300.12.

Transition rules. If a national party committee has nonfederal funds in its possession on November 6, 2002, it may use these funds to retire outstanding debts or other obligations relating to the 2002 elections, including runoff elections and recounts, until January 1, 2003. Any remaining nonfederal funds must be disgorged to the Treasury or returned to donors no later than December 31, 2002. Any refund checks not cashed by February 28, 2003, must be disgorged to the Treasury by March 31. The nonfederal accounts of national party committees must file termination reports with the Commission

disclosing the disposition of all funds deposited in nonfederal accounts and building fund accounts. 11 CFR 300.12 and 300.13.

State, District and Local Party Committees and Organizations

Under the new regulations, state, district and local party committees that have receipts or make disbursements for federal election activity may maintain, as appropriate, up to four different types of accounts:

- Federal accounts, for deposit of funds that comply with the limitations, prohibitions and reporting requirements of the Act;
- Nonfederal accounts, for deposit of funds that are governed by state law;
- Allocation accounts, which may be established to make allocable expenditures and disbursements; and
- Levin accounts, for deposit of a new category of funds, called “Levin funds,” that comply with some of the limits and prohibitions of the Act and are also governed by state law.⁷

Levin funds. A state, district or local party committee may spend only those Levin funds that it raises for itself, and these funds can be used only for certain types of voter registration, voter identification, get-out-the-vote and generic campaign activity. Note that certain types of federal election activities may *not* be financed with Levin funds:

⁷ An organization may also deposit Levin funds in a nonfederal account that must function as a nonfederal and Levin account. In order to make a disbursement of Levin funds from such an account, the organization must be able to show through a reasonable accounting method approved by the Commission that the organization had received into this account sufficient federal contributions or Levin donations to make the disbursement. 11 CFR 300.30(c)(3)(ii).

- Public communications that refer to a clearly-identified candidate; and
- The services of employees who devote more than 25 percent of their compensated time to activities in connection with a federal election.

National party committees may not raise or spend Levin funds.

When a party committee receives a donation of Levin funds, this donation:

- Must be permissible under the laws of the state in which the party committee raising and spending the funds is organized;
- May be solicited from some sources that cannot contribute under the Act (e.g., corporations, unions and federal government contractors) so long as the donation is not from foreign nationals or from sources that are impermissible under state law;
- Is limited to \$10,000 in a calendar year from any person, including any entity established, maintained, financed or controlled by that person (if state law limits donations to an amount less than \$10,000, then the lower limit applies); and
- Must be raised using only federal funds or Levin funds to pay the direct costs of the fundraising (including expenses for the solicitation of funds and for the planning and administration of actual fundraising activities and programs) if any portion of the funds will be used for federal election activity. 11 CFR 300.31 and 300.32(a)(4).

Each state, district and local party committee has a separate Levin fund donation limit, and such committees are not considered to be affiliated for the purposes of determining Levin fund donation limits. Levin funds expended or disbursed by a given state, district or local party committee must be raised solely by that particular committee, and these

committees cannot raise Levin funds through joint fundraising efforts or accept transfers of Levin funds from other committees. Additionally, these committees cannot accept or use as Levin funds any funds that come from, or in the name of, a national party committee, federal candidate or federal officeholder. 11 CFR 300.31 and 300.34(b).

Levin fund expenditures and disbursements. As a general rule, state, district and local party committees must use federal funds to make expenditures and disbursements for federal election activity.⁸ 11 CFR 300.32(a)(2). However, as long as certain conditions are met, a state, district, or local party committee may use Levin funds to pay for all or part of the following types of federal election activity:⁹

- Voter registration activity during the period that begins 120 days before the date of a regularly-scheduled federal election and ends on the day of that election; and
- Voter identification, get-out-the-vote activities or generic campaign activity conducted in connection with an election in which a federal candidate appears on the ballot (regardless of whether a state or local candidate also appears on the ballot). 11 CFR 300.32(b).

Levin funds may *not* be used, however, to pay for any part of a federal election activity if:

- The activity refers to a clearly-identified federal candidate; or

⁸ Additionally, an association or similar group of state or local candidates or officeholders must use only federal funds to make expenditures or disbursements for federal election activity. 11 CFR 300.32(a)(1).

⁹ Levin funds may also be used for any purpose that is not federal election activity as long as this use is lawful in the state in which the committee is organized. 11 CFR 300.32(b)(2).

- Any portion of the funds will be used to pay for a television or radio communication, other than a communication that refers solely to a clearly-identified state or local candidate. 11 CFR 300.32(c).

Levin funds may be used to pay for the entirety of permissible federal election activity disbursements only if the party committee's disbursements do not exceed \$5,000 in the aggregate in a calendar year. Disbursements and expenditures that aggregate in excess of \$5,000 per year must be paid entirely with federal funds or allocated between federal funds and Levin funds, according to the minimum allocation percentages described below. 11 CFR 300.33(a).

Allocating expenses. State, district and local party committees that allocate federal election activity expenses between federal and Levin funds must allocate to their federal account one of following minimum percentages, depending on the composition of the ballot for that year:

1. If a Presidential candidate, but no Senate candidate, appears on the ballot, then at least 28 percent of the expenses must be allocated to the federal account.
2. If both a Presidential candidate and a Senate candidate appear on the ballot, then at least 36 percent of the expenses must be allocated to the federal account.
3. If a Senate candidate, but no Presidential candidate, appears on the ballot, then at least 21 percent of the expenses must be allocated to the federal account.
4. If neither a Presidential nor a Senate candidate appear on the ballot, at least 15 percent of the expenses must be allocated to the federal account.

An organization must make payments for allocable expenses either from a federal account or from an allocation account. If payments are made from a federal

account, Levin funds may be transferred to this account, during the 70-day window for such transfers, in order to cover the Levin-fund portion of the expense. 11 CFR 300.33(d).

Expenses that may not be allocated. Certain costs of federal election activity are not allocable:

- Expenditures for public communications that refer to a clearly-identified federal candidate and that promote, support, attack or oppose any federal candidate must be paid entirely with federal funds.
- Salaries and wages for employees who spend more than 25 percent of their compensated time per month on federal election activities, or on activities in connection with federal elections, must be paid entirely with federal funds. Salaries and wages for employees who spend 25 percent or less of their compensated time in this manner must be paid with funds that comply with state law.
- The direct costs of raising funds to be used for federal election activities must be paid with federal funds or, if Levin funds are being raised, with Levin funds. Fundraising costs may not be allocated and no nonfederal funds may be used. 11 CFR 300.33(c).

Office buildings. Under the amended Act and regulations, a state, district or local party committee may spend federal funds or nonfederal funds (including Levin funds) to purchase or construct a party office facility, so long as the funds are not contributed or donated by a foreign national. If a committee chooses to use nonfederal funds or Levin funds, the funds are subject to state law, and the Act will not preempt state law except to prohibit donations by foreign nationals. Moreover, if nonfederal or Levin funds are used, the office facility must not be purchased or constructed for the purpose of influenc-

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ing the election of any federal candidate in any particular election. If federal funds are used to purchase or construct the facility, the Act will preempt the limits and prohibitions of state law. 11 CFR 300.35(a) and (b).

Additionally, a state, district or local party committee may generate income by leasing out a portion of its office building at the usual and normal charge. If the building is purchased in whole or in part with nonfederal funds, then all rental income must be deposited in the committee's nonfederal account and used only for nonfederal purposes. The rental income and its use must also comply with state law. If the building is purchased entirely with federal funds, then the rental income may be deposited in the committee's federal account. Any such income must be disclosed in the committee's reports to the Commission. 11 CFR 300.35(c).

Reporting and recordkeeping for organizations that are not political committees. A state, district or local party committee (or an association of state or local candidates or officeholders) that is not a political committee under the Act is not required to file reports, but must be able to demonstrate through a reasonable accounting method that it has enough funds on hand that comply with the limits and prohibitions of the Act to cover any payment of federal funds (or Levin funds) that it makes for federal election activity. The organization must keep records to this effect and make these records available to the Commission upon request. Payments by such organizations for federal election activity are not "expenditures" for the purpose of determining whether an organization qualifies as a political committee with registration and reporting requirements, unless the payment otherwise qualifies as an expendi-

ture under 2 U.S.C. §431(9).¹⁰ 11 CFR 300.36(a).

*Reporting and recordkeeping for political committees.*¹¹ A state, district or local party committee (or an association of state or local candidates or officeholders) that is a political committee under the Act must file on a monthly schedule and report all receipts and disbursements of federal funds for federal election activity, including the federal portion of allocated expenses. 11 CFR 300.36(b)(1) and (b)(2). See also 11 CFR 100.5.

A state, district or local party committee that is a political committee but that has less than \$5,000 of aggregate receipts and disbursements for federal election activity per calendar year—and any association of state or local candidates or officeholders that is a political committee—must report all receipts and disbursements of federal funds. (The party committee need not report receipts and disbursements of Levin funds.) Such a committee or association of candidates and officeholders should not report federal funds or Levin funds disbursed for federal election activity as "expenditures" on their reports, unless the disbursement otherwise

¹⁰ Certain organizations that make "expenditures," as defined at 11 CFR 100.8(a), in excess of \$1,000 in a calendar year become political committees under the Act and must register and report with the Commission. 11 CFR 100.5. In a separate rulemaking, the Commission has reorganized 11 CFR 100.7 and 100.8. See "Reorganization of Regulations on "Contribution" and "Expenditure" (67 FR 50582, August 5, 2002).

¹¹ These requirements added by the BCRA are in addition to the Act's existing requirements to report expenditures of federal funds. 2 U.S.C. §434 and 11 CFR part 104.

qualifies as an expenditure.¹² 11 CFR 300.36(b)(1) and 300.36(c)(1). See also 2 U.S.C. §421(9) and 11 CFR 100.8.

A state, district or local party committee that has \$5,000 or more of aggregate receipts and disbursements for federal election activity per calendar year must disclose its activity in greater detail, including receipts and disbursements of federal funds and of Levin funds used for federal election activity. 11 CFR 300.36(b)(2) and 300.36(c)(1). Such a committee must also report the allocation percentages used.

Contributions and expenditures of federal funds for federal election activity apply toward the \$50,000 threshold for determining whether a committee must file its reports electronically under the Commission's mandatory electronic filing program. Receipts and disbursements for federal election activity that do not qualify as contributions and expenditures (including Levin fund receipts and disbursements) do not, however, count toward this threshold. 11 CFR 104.18 and 300.36(c)(2). See also 11 CFR 100.7 and 100.8.

Tax exempt organizations. Like national party committees, state, district and local party committees may not solicit funds for, or make or direct donations to, tax-exempt 501(c) organizations, or to organizations that have applied for tax-exempt status, if the organization makes expenditures or disbursements in connection with federal elections, including federal election activity.¹³ Committees may solicit

¹² Associations, or other similar organizations, of state or local candidates may spend federally-permissible funds for federal election activity, but they cannot raise or spend Levin funds.

¹³ In no case is a committee prohibited from responding to a request for information about a tax-exempt group that shares the party's political or philosophical goals. 11 CFR 300.37(f).

funds for, or make or direct donations to, so-called “527 organizations” only if these organizations are:

- Political committees under Commission regulations;
- State, district or local party committees;
- Authorized campaign committees of state or local candidates; or
- A political committee under state law that supports only state or local candidates and that does not make expenditures or disbursements in connection with federal elections, including expenditures or disbursements for federal election activity.

In order to establish whether or not an organization makes expenditures or disbursements in connection with federal elections, party committees may obtain a signed certification from an authorized representative of the organization. The certification should state that within the current election cycle the organization has not made, and does not intend to make, such expenditures and disbursements, including payments for debts incurred from making such expenditures and disbursements in an earlier cycle. 11 CFR 300.37.

Contribution limit. In addition, the new rules raise the individual contribution limit to a state party committee to \$10,000 per year.

Fundraising by Federal Candidates and Officeholders

The new regulations restrict and, in some cases, prohibit the solicitation and use of nonfederal funds by federal candidates and federal officeholders,¹⁴ including agents acting on their behalf and entities

that are directly or indirectly established, maintained, financed or controlled by one or more federal candidate or officeholder. 11 CFR 300.60 and 300.61.

Federal elections. Under the Act and regulations, federal candidates and officeholders can only solicit, receive, direct, transfer, spend or disburse federal funds in connection with a federal election or for federal election activity. 11 CFR 300.61.

Nonfederal elections. Federal candidates and officeholders can only solicit, receive, direct, transfer, spend or disburse funds in connection with a nonfederal election in amounts and from sources that are both consistent with state law and not in excess of the Act’s limits and prohibitions. However, if a federal candidate or officeholder is also a candidate for state or local office, then he or she may raise and spend nonfederal funds that only comply with state law, so long as the solicitation, receipt and spending of funds refers only to the state or local candidate and/or another state or local candidate for that same office. Individuals simultaneously running for federal and nonfederal office may only raise and spend federal funds for the federal election. 11 CFR 300.62 and 300.63.

Attending, speaking or appearing as a featured guest at a fundraising event. A federal candidate or officeholder may attend, speak or be a featured guest at a fundraising event for a state, district or local committee of a political party, including a fundraising event at which nonfederal funds or Levin funds are raised. The committees may advertise, announce or otherwise publicize that a federal candidate or officeholder will attend, speak or be a featured guest at the fundraising event. Candidates and federal officeholders may speak at such an event without restriction or regulation. 11 CFR 300.64.

Tax-exempt organizations. A federal candidate or officeholder

may make a general solicitation on behalf of a tax-exempt organization, without limits on the source or amount of funds, if the organization does not make expenditures or disbursements in connection with federal elections, including the federal election activities listed below. Moreover, a candidate or office holder may make a general solicitation on behalf of an organization that conducts activities in connection with an election if:

- The organization’s principal purpose is not to conduct election activities, including the federal election activities listed below; and
- The solicitation is not to obtain funds for election activities in connection with a federal election, including federal election activities. 11 CFR 300.65(a) and (c).

Under certain circumstances, a federal candidate or officeholder may also make a specific solicitation explicitly to obtain funds to pay for federal election activities conducted by a tax-exempt organization whose principal purpose is to undertake such activities. The federal election activities for which such a specific solicitation may be made are:

- Voter registration activity during the period that begins 120 days before the date of a regularly-scheduled federal election and ends on the day of that election; and
- Voter identification, get-out-the vote activity or generic campaign activity conducted in connection with an election in which a federal candidate appears on the ballot (regardless of whether a state or local candidate also appears on the ballot). 11 CFR 300.65(c).

Such solicitations are permissible, however, only if they are made solely to individuals and the amount solicited does not exceed

¹⁴ The new regulations at 11 CFR 300.2(o) define an “Individual holding Federal office” as an individual elected to or serving in the office of the U.S. President or Vice President, or in the U.S. Congress.

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Soft Money

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\$20,000 during any calendar year. 11 CFR 300.65(b) and (c).

Because the BCRA permits limited solicitations by federal candidates and officeholders only for the specific federal election activities listed above, these individuals *must not* make any solicitations on behalf of a 501(c) organization, or an organization that has applied for this tax status, for other types of election activities, such as public communications promoting or supporting federal candidates.

Determining “principal purpose.” A federal candidate or officeholder may determine a tax-exempt organization’s “principal purpose” by obtaining a signed certification from an authorized representative of the organization stating that:

- The organization’s principal purpose is not to conduct election activities, including the federal election activities listed above; and
- The organization does not intend to pay debts incurred from making federal election disbursements and expenditures (including debts for federal election activity) in a prior election cycle. 11 CFR 300.65(e).

State and Local Candidates

The new regulations prohibit a state or local candidate or officeholder, or any agents acting on his or her behalf,¹⁵ from spending nonfederal funds on a public communication that refers to a clearly-identified federal candidate (regardless of whether a state or local candidate is also identified) and that promotes, supports, attacks

¹⁵ For example, this prohibition would apply to an individual who is both a federal office holder and a state candidate. The regulations at 11 CFR 300 subpart E do not apply to an association of state or local candidates or officeholders.

or opposes a federal candidate. This prohibition applies whether or not the communication expressly advocates a vote for or against a federal candidate.

Tax-Exempt Organizations

The Commission has also added a subpart to 11 CFR 300, subpart C, which addresses the BCRA’s limits and prohibitions on the use of soft money from the perspective of certain tax-exempt organizations. The regulations under this subpart contain the restrictions on fundraising and donations by national party committees and state, district and local party committees and fundraising by federal candidates and officeholders that are also addressed in the subparts devoted to each of these types of entity. 11 CFR 300.50, 300.51 and 300.52.

Advisory Opinions Superseded

These new and revised rules partially supersede the following advisory opinions relating to party office building funds: AOs 2001-12, 2001-1, 1998-8, 1998-7, 1997-14, 1993-9, 1991-5 and 1986-40. Other advisory opinions may no longer be relied upon to the extent that they conflict with the BCRA. ♦

Electioneering Communications

On October 10, 2002, the Commission approved final rules to implement provisions of the BCRA regulating television or radio communications that refer to a clearly identified federal candidate and are distributed to the relevant electorate within 60 days prior to the general election or 30 days prior to a primary.

The final rules and their Explanation and Justification were published in the October 23, 2002, *Federal Register* (67 FR 65190) and are available on the FEC web site at

www.fec.gov/pages/bcra/rulemakings/electioneering_communications.htm.

“Electioneering Communication” Defined

An electioneering communication is any broadcast, cable or satellite communication which fulfills **each** of the following conditions:

The communication refers to a clearly identified candidate. A communication refers to a clearly identified federal candidate if it contains the candidate’s name, nickname or image, or makes any unambiguous reference to the person or their status as a candidate, such as “the Democratic candidate for Senate.” 11 CFR 100.29(b)(2).

The communication is publicly distributed. Generally, a communication is publicly distributed if it is disseminated for a fee by a television station, radio station, cable television system or satellite system.

In the case of Presidential and Vice-Presidential candidates, the communication is publicly distributed if it can be received by 50,000 or more people:

- In a state where a primary election or caucus is being held within 30 days;
- Anywhere in the United States during the period between 30 days prior to the nominating convention and the conclusion of that convention; or
- Anywhere in the United States within 60 days prior to the general election. 11 CFR 100.29(b)(3)(ii).

The Commission will publish on its web site a list of the applicable event in each state that triggers the 30-day period for Presidential and Vice-Presidential candidates.

Electioneering communications are limited to paid programming. The station must seek or receive payment for distribution of the communication. Both infomercials and commercials are included within the definition. 11 CFR 100.29(b)(3)(i).

The communication is distributed during a certain time period before an election. Electioneering communications are transmitted within 60 days prior to a general election or 30 days prior to a primary election for federal office, including elections in which the candidate is unopposed. A “primary election” includes any caucus or convention of a political party which has the authority to nominate a candidate to federal office. 11 CFR 100.29(a)(2).

This condition regarding the timing of the communication applies only to elections in which the candidate referred to is running.

In the case of Congressional candidates only, the communication is targeted to the relevant electorate. The communication targets the relevant electorate if it can be received by 50,000 or more people in the district (in the case of a U.S. House candidate) or state (in the case of a Senate candidate) that the candidate seeks to represent. 11 CFR 100.29(b)(5).

The Federal Communications Commission (FCC) will provide on its web site the information necessary to determine whether a communication can be received by 50,000 people. Under interim rules promulgated by the FEC, if this information is not yet available, the person making a communication may argue that it could not have been received by 50,000 people of the relevant electorate.¹ To make this argument, they may:

- Use written documentation from the entity that transmitted the communication;
- Demonstrate that the communication is not distributed on a station located in a metropolitan area; or

¹ *The interim rules were published in the October 23, 2002, Federal Register (67 FR 65212). The full text of the final rules and the Explanation and Justification is available on the FEC web site at <http://www.fec.gov/register.htm> and from the FEC faxline at 202-501-3413 (document 358).*

- Demonstrate that the person possesses information which leads them to reasonably believe that the communication could not be received by 50,000 or more people in the relevant area.

Exemptions

The regulations at 11 CFR 100.29(c)(1) through (6) exempt certain communications from the definition of “electioneering communication:”

- A communication that is disseminated through a means other than a television station, radio station, cable television system or satellite system. For example, printed media—including newspapers, magazines, bumper stickers, yard signs and billboards—are not included, nor are communications over the Internet, e-mail or the telephone;
- A news story, commentary or editorial broadcast by a television station, radio station, cable television system or satellite system. However, the facilities may not be owned or controlled by a political party, political committee or candidate, unless the communication satisfies the exemption for news stories at 11 CFR 100.132(a) and (b);
- Expenditures or independent expenditures that must otherwise be reported to the FEC;
- A candidate debate or forum or a communication that solely promotes a debate or forum. Communications promoting the debate or forum must be made by or on behalf of the sponsor;
- Communications by state or local candidates that do not promote, support, attack or oppose federal candidates; and
- Communications by 501(c)(3) organizations. However, these organizations are still barred from participating in partisan political activity by the Internal Revenue Code. Making electioneering

communications may jeopardize their tax-exempt status.²

Application

Corporations and Labor Organizations. Corporations and labor organizations are prohibited from making or financing electioneering communications to those outside of their restricted class. 11 CFR 114.2(b)(2)(iii).³

Further, they may not provide funds to any person if they know, have reason to know or are willfully blind to the fact that the funds are for the purpose of making electioneering communications. 11 CFR 114.14(a) and (c).

Qualified Nonprofit Corporations. Qualified nonprofit corporations (QNC) may make electioneering communications. To qualify, the entity must be a nonprofit corporation incorporated under 26 U.S.C. §501(c)(4) that is ideological in nature and qualifies for exemptions under 11 CFR 114.10.

If a QNC makes electioneering communications that aggregate in excess of \$10,000 in a calendar year, it must certify that it is eligible for the QNC exemption. The certification must include the name and address of the corporation and the signature and printed name of the individual making the qualifying statement. It must also certify that the corporation meets the standards of a QNC, either by satisfying all of

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² *For further information on 501(c)(3) organizations, contact the Exempt Organizations division of the IRS at 1-877-829-5500.*

³ *Generally, the restricted class comprises the executive and administrative personnel and their families. It also includes a corporation’s stockholders and their families, or a labor or membership organization’s members and their families. See 11 CFR 114.1(c) and (e).*

Electioneering Communications

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the qualifications at 11 CFR 114.10(c)(1)-(5), or through a court ruling pursuant to 11 CFR 114.10(e)(1)(i)(B). The certification is due no later than when the first electioneering communications report is required to be filed. 11 CFR 100.29(e).

QNCs still may not make contributions to federal political committees, nor may they accept any funds from corporations or labor organizations. 11 CFR 114.10(d)(2) and (3). Also, these regulations do not supercede any section of the Internal Revenue Code regarding 501(c)(4) organizations. 11 CFR 100.29(i).

"527" Organizations. The prohibition against the use of corporate funds to make or finance electioneering communications does not apply to certain organizations incorporated under 26 U.S.C. §527.

Incorporated state party committees and state candidate committees registered as 527 organizations are exempt from the corporate prohibition provided that the committee:

- Is not a political committee as defined at 11 CFR 100.5;
- Incorporates for liability purposes only;
- Does not use any funds donated by corporations or labor organizations to fund the electioneering communication; and
- Complies with the FEC's reporting requirements for electioneering communications. 11 CFR 114.2(b)(2)(iii).

Unincorporated, unregistered "527" organizations may also make electioneering communications, subject to the disclosure requirements and the prohibition against corporate and labor funds.

Individuals and Partnerships. Individuals and partnerships may make or finance electioneering communications, provided that certain conditions are met. Those

that accept funds provided by corporations or labor organizations may not use those funds to pay for electioneering communications, nor may they give these funds to another to defray the costs of making an electioneering communication. 11 CFR 114.14(b).

They must be able to demonstrate through a reasonable accounting procedure that no prohibited funds were used to pay for the electioneering communication. 11 CFR 114.14(d).

Disclosure Requirements

The BCRA requires that electioneering communications which cost more than \$10,000 must be disclosed to the FEC within 24 hours of the disclosure date. Reporting requirements for electioneering communications are included in the reporting rulemaking summarized on page 19. ♦

Contribution Limits and Prohibitions

On October 31, 2002, the Commission approved final rules to implement provisions of the BCRA that:

- Increase the contribution limits for individuals and political committees;
- Modify recordkeeping requirements for political committee treasurers;
- Prohibit certain contributions and donations by minors; and
- Strengthen the current statutory prohibitions on contributions and donations by foreign nationals.

The final rules and their Explanation and Justification were published in the November 19, 2002, *Federal Register* (67 FR 69928) and are available on the FEC web site at www.fec.gov/pages/bcra/rulemakings/part_110_rules.htm.

Contribution Limits Increased

On January 1, 2003, a number of contribution limits increased, and some of the limits became indexed for inflation.

Contributions to candidates and political party committees. The limits on contributions made by individuals and non-multicandidate committees increased to \$2,000 per election to federal candidates and \$25,000 per year to national party committees. 11 CFR 110.1(b)(1) and 110.1(c)(1). These limits will be indexed for inflation, as described below.

Aggregate biennial contribution limitations for individuals. The former \$25,000 annual limit for individuals has been replaced by a new biennial limit of \$95,000. This limit includes up to \$37,500 in contributions to candidate committees and up to \$57,500 in contributions to any other committees. The \$57,500 portion of the biennial limit contains a further restriction, in that no more than \$37,500 of this amount may be given to committees that are not national party committees. 11 CFR 110.5(b)(1).¹ The biennial limit will be indexed for inflation.

Special contribution limit to Senate candidates. The limit on contributions made to Senate candidates by the Republican and Democratic Senatorial campaign committees or the national committees of a political party, or any combination of these committees,

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¹ Under the so-called millionaires' amendment, individual limits to Congressional candidates increase if the candidate's opponent makes expenditures from his or her personal funds above a certain threshold. Contributions made under this provision will not be subject to the overall biennial limit. The Commission has address the millionaires' amendment in a separate rulemaking, described on page 22.

Contribution Limits

Donors	Recipients				Special Limits
	Candidate Committee	PAC ¹	State, District and Local Party Committee ²	National Party Committee ³	
Individual	\$2,000* per election ⁴	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	Biennial limit of \$95,000* (\$37,500 to all candidates and \$57,500 ⁵ to all PACs and parties)
State, District and Local Party Committee²	\$5,000 per election combined limit	\$5,000 per year combined limit	Unlimited transfers to other party committees		
National Party Committee³	\$5,000 per election	\$5,000 per year	Unlimited transfers to other party committees		\$35,000* to Senate candidate per campaign ⁶
PAC Multicandidate⁷	\$5,000 per election	\$5,000 per year	\$5,000 per year combined limit	\$15,000 per year	
PAC Not Multicandidate⁷	\$2,000* per election	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	

*These limits will be indexed for inflation.

¹ These limits apply to both separate segregated funds (SSFs) and political action committees (PACs). Affiliated committees share the same set of limits on contributions made and received.

² A state party committee shares its limits with local and district party committees in that state unless a local or district committee's independence can be demonstrated. These limits apply to multicandidate committees only.

³ A party's national committee, Senate campaign committee and House campaign committee are each considered national party committees, and each have separate limits, except with respect to Senate candidates—see Special Limits column.

⁴ Each of the following is considered a separate election with a separate limit: primary election, caucus or convention with the authority to nominate, general election, runoff election and special election.

⁵ No more than \$37,500 of this amount may be contributed to state and local parties and PACs.

⁶ This limit is shared by the national committee and the Senate campaign committee.

⁷ A multicandidate committee is a political committee that has been registered for at least six months, has received contributions from more than 50 contributors and—with the exception of a state party committee—has made contributions to at least five federal candidates.

Contribution Limits and Prohibitions

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will increase to \$35,000 per six-year cycle. 11 CFR 110.2(e)(1). This special limit will also be indexed for inflation.

Indexing. Under the old regulations, the coordinated party expenditure and Presidential candidate expenditure limits were indexed for inflation. The new rules extend the inflation indexing to contributions to candidates and national party committees by individuals and non-multicandidate committees, the biennial aggregate contribution limit for individuals and the limit on contributions to Senate candidates by certain national party committees. 11 CFR 110.17(a) and (b).

For the “per election” limit on contributions to candidates, the indexing changes will take effect on the day after the general election and remain in effect through the day of the next regularly-scheduled general election. 11 CFR 110.1(b)(1)(ii). For example, an increase in the limit made in January 2005 would be effective from November 3, 2004, to November 7, 2006, and would only affect elections held after November 3, 2004. On the other hand, the indexing changes for the calendar-year-based limits will affect the calendar-based period that follows, or from January 1 of the odd-numbered year through December 31 of the next even-numbered year. 11 CFR 110.1(c)(ii), 110.2(e)(2) and 110.5(b)(3). The Commission will announce the amount of the adjusted expenditure and contribution limits in the *Federal Register* and on the FEC web site at www.fec.gov. These indexing provisions will first be applied in 2005. 11 CFR 110.17(e).

The applicable expenditure and contribution limits will be adjusted according to the Consumer Price Index (CPI). The limits will be adjusted in odd-numbered years, and will be increased by the percent-

age difference between the CPI during the 12 months preceding the beginning of that calendar year and the CPI during the base year, which is 2001. The rules contain a rounding provision so that the inflation-adjusted amount will be rounded to the nearest multiple of \$100. 11 CFR 110.17(c) and (d).

Redesignations and Reattributions

The Commission has streamlined its rules for designating contributions to a particular election. When an individual or non-multicandidate committee makes an excessive contribution to a candidate’s authorized committee, the committee may automatically redesignate excessive contributions to the general election if the contribution:

- Is made before that candidate’s primary election;
- Is not designated in writing for a particular election;
- Would be excessive if treated as a primary election contribution; and
- As redesignated, does not cause the contributor to exceed any other contribution limit. 11 CFR 110.1(b)(5)(ii)(B)(1)-(4).

In the case of an authorized committee of a Presidential candidate who accepts public funding for the general election, this presumption is available only to the extent that the candidate is permitted to accept contributions to a general election legal and accounting compliance (GELAC) fund.

The redesignation presumption also includes a backward-looking provision where an undesignated, excessive contribution made after the primary, but before the general election, may be automatically applied to the primary if the campaign committee has more net debts outstanding from the primary than the excessive portion of the contribution. The redesignation, of course, may not cause the contributor to exceed any contribution limits. 11 CFR 110.1(b)(5)(ii)(C).

The candidate committee is required to notify the contributor of the redesignation by paper mail, e-mail, fax or other written method within 60 days of the treasurer’s receipt of the contribution. Also, at the time of notification, the contributor must be given the opportunity to request a refund. 11 CFR 110.1(b)(5)(ii)(B)(5)-(6) and 110.1(b)(5)(ii)(C)(6)-(7).

Similarly, the Commission has also updated its rules regarding reattributions. When an excessive contribution is made via a written instrument with more than one individual’s name imprinted on it, but only has *one* signature, the permissible portion will be attributed to the signer and the excessive portion may now be attributed to the other individual whose name is imprinted on the written instrument, without obtaining a second signature, so long as the reattribution does not cause the contributor to exceed any other contribution limit. 11 CFR 110.1(k)(3)(ii)(B)(1).

Political committees employing this presumption must notify all contributors in writing or via e-mail within 60 days of the committee treasurer’s receipt of the check. At the time of notification, the committee must offer the contributor who signed the check a refund of the excessive portion. 11 CFR 110.1(k)(3)(ii)(B)(2) and (3).

Recordkeeping. To facilitate audits that determine compliance with the contribution limits, political committee treasurers are now required to maintain either a full-size photograph or a digital image of each check or written instrument by which a contribution of \$50 or more is made. 11 CFR 102.9(a)(4). Under a new section added to the rule outlining the explicit standard for acceptable accounting methods, the committee’s records must demonstrate that, prior to the primary election, recorded cash on hand was at all times equal to or in excess of the sum of general elec-

tion contributions received minus the sum of general election disbursements made. 11 CFR 102.9(e)(2). In addition, for the political committee redesignations or reattributions to be effective, any signed writings from contributors that accompany the contribution and the committee's notices must be retained.

Prohibition on Contributions and Donations by Minors

Under the new regulations, individuals who are under 18 years old are prohibited from making contributions to federal candidates and contributions or donations to committees of political parties 11 CFR 110.19(a) and (b). By including the term "donation" in this regulation, the prohibition encompasses both federal and nonfederal accounts of political party committees. Thus, this provision preempts state law to the extent that state law may permit minors to make donations to state, district and local party committees. In the Explanation and Justification for this rule, the Commission indicated that prohibiting donations by minors to all committees of state, district and local parties has a federal purpose because donations of nonfederal funds to state parties could otherwise be used, in part, to finance "federal election activities."²

The final rules make clear that individuals under 18 may, however, participate in volunteer work for federal candidates and political party committees and may continue to make contributions to unauthorized committees that are not political party committees, such as PACs, under certain conditions. See 11 CFR 110.19(c).

² "Federal election activity," is defined on page 2.

Prohibition on Contributions, Donations, Expenditures, Disbursements by Foreign Nationals

New section 11 CFR 110.20 implements BCRA's prohibition on contributions, donations, expenditures and disbursements solicited,³ accepted, received or made directly or indirectly by or from foreign nationals in connection with state and local elections as well as federal elections. This ban also applies to:

- Contributions and donations to political party committees;
- Contributions and donations to party committee building funds;
- Disbursements for electioneering communications;⁴ and
- Expenditures, independent expenditures, and disbursements in connection with an election.⁵

The Commission has included a knowledge requirement and knowledge standards with regard to the solicitation, acceptance or receipt of foreign national contributions or donations, determining that this would produce a less harsh result than a strict liability standard.

Knowledge. The final rules contain in the definition of "knowingly" three standards of knowledge that focus on the sources of funds received. Meeting any one of these standards would satisfy the knowledge requirements of this rule.

The first standard is actual knowledge that funds have come from a foreign source. The second

³ The term "solicit" at section 11 CFR 110.20 has the same meaning as in section 11 CFR 300.2(m), "to ask another person to make a contribution or donation, or transfer of funds, or to provide anything of value, including through a conduit or intermediary."

⁴ "Electioneering communication" is defined on page 8.

⁵ An additional ban on foreign national donations to Presidential inaugural committees will be addressed in a later rulemaking.

is an awareness on the part of the person soliciting, accepting or receiving the contribution or donation of certain facts that would lead a reasonable person to conclude that there is a substantial probability that the contribution or donation is coming from a foreign source. The third standard is an awareness on the part of the person soliciting, accepting or receiving a contribution or donation of facts that should have prompted a reasonable inquiry into whether the source of the funds is a foreign national, but the person neglected to undertake such an inquiry. 11 CFR 110.20(a)(4)(i)-(iv).

The rule further outlines the types of information that should lead a recipient to question the origin of a contribution or donation under this section. They are:

- Use by a contributor or donor of a foreign passport or passport number;
- Use by a contributor or donor of a foreign address;
- A check or other written instrument is drawn on an account or a wire transfer from a foreign bank; or
- Contributors or donors live abroad. 11 CFR 110.20(a)(5)(i)-(iv).

Knowledge safe harbor. The Commission has adopted a narrowly-tailored safe harbor for the knowledge standards. A person shall be deemed to have conducted a reasonable inquiry into a possible foreign national contribution if he or she seeks and obtains copies of current and valid U.S. passport papers for U.S. citizens who are contributors or donors and to whom any of the above four types of information are applicable. 11 CFR 110.20(a)(7).

Assisting foreign national contributions or donations. The foreign national prohibition applies to a person who knowingly provides

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Contribution Limits and Prohibitions

(continued from page 13)

substantial assistance to foreign nationals in the making of contributions, donations, expenditures, independent expenditures and disbursements in connection with federal and nonfederal elections. This prohibition covers, but is not limited to, acting as a conduit or intermediary for foreign national contributions and donations. 11 CFR 110.20(g).◆

Other Provisions

On November 25, 2002, the Commission approved final rules to implement provisions of the BCRA that:

- Specify new requirements for disclaimers accompanying radio, television, print and other campaign communications;
- Make changes regarding the personal use of campaign funds by candidates and federal officeholders;
- Allow non-incumbent federal candidates to pay themselves salaries from campaign funds, as described below;
- Expand the scope of the statutory prohibition on fraudulent misrepresentation; and
- Increase the civil penalties for violating the prohibition on contributions made in the name of another.

The final rules and their Explanation and Justification were published in the December 13, 2002, *Federal Register* (67 FR 76962) and are available on the FEC web site at www.fec.gov/pages/bcra/rulemakings/other_provisions.htm.

Disclaimers

The new regulations replace pre-BCRA 11 CFR 110.11 with a new

section of the same number that implements statutory changes to the disclaimer requirements. The disclaimer requirements in this new section apply to public communications, including “communications through any broadcast, cable or satellite transmission, newspaper, magazine, outdoor advertising facility, mailing or other type of general public political advertising.” See 11 CFR 100.26. These requirements also apply to political committees’ web sites, to unsolicited e-mail of more than 500 substantially-similar communications and to any “electioneering communication.” All disclaimers must be “clear and conspicuous” regardless of the medium in which the communication is transmitted. A disclaimer is not clear and conspicuous if it is difficult to read or hear, or if its placement is easily overlooked. 11 CFR 110.11(c)(1).

Political committees. Any communication made by a political committee—including communications that do not expressly advocate the election or defeat of a clearly-identified federal candidate or solicit a contribution—must display a disclaimer. 11 CFR 110.11(a)(1).

The disclaimer for a communication paid for and authorized by a candidate or candidate’s committee must state that the communication is paid for by the candidate’s committee. The disclaimer for a communication authorized by the candidate or candidate’s committee, but paid for by any other person, must state both who paid for the communication and that it was authorized by that candidate.

Communications not authorized by a candidate or his/her campaign committee, including any solicitation, must disclose the permanent street address, telephone number or web site address of the person who paid for the communication, and also state that the communication was not authorized by any candidate. 11 CFR 110.11(b).

Specific requirements for radio and television communications. For radio and television communications authorized by a candidate, the candidate must deliver an audio statement identifying himself or herself, and stating that he or she has approved the communication. For a television communication, this disclaimer must be conveyed by either:

- A full-screen view of the candidate making the statement; or
- A “clearly identifiable photographic or similar image of the candidate” that appears during the candidate’s voice-over statement. 11 CFR 110.11(c)(3)(ii)(A) and (B).

Additionally, television communications must contain a “clearly readable” written statement that appears at the end of the communication for a period of at least four seconds with a reasonable degree of color contrast between the background and the disclaimer statement. The written statement must occupy at least four percent of the vertical picture height. 11 CFR 110.11(c)(3)(iii).

For a radio or television communication that is not authorized by a candidate, the name of the political committee or other person who is responsible for the communication and, if applicable, the name of the sponsoring committee’s connected organization is required in the disclaimer.¹

In the case of a televised ad, the disclaimer must also include a statement that is conveyed by a full screen view of a representative of the political committee or other person making the statement, or a voice-over by the representative. In addition, the disclaimer must appear in writing at the end of the communication in a “clearly readable”

¹ In addition, communications transmitted through telephone banks, as defined by 11 CFR 100.28, must carry this same disclaimer statement.

manner with a reasonable degree of color contrast to the background, and it must be shown for a period of four seconds. 11 CFR 110.11(c)(4).

The regulations include safe harbor guidelines for television communication disclaimers:

- A still picture of the candidate shall be considered “clearly identifiable” if it occupies at least 80 percent of the vertical screen height; and
- Disclaimers that are printed in black text on a white background, as well as disclaimers that have at least the same degree of contrast with the background color as the degree of contrast between the background color and the color of the largest text used in the communication, will be considered “clearly readable.” 11 CFR 110.11(c)(3)(iii)(C).

Specific requirements for printed communications. Printed materials must contain a printed box that is set apart from the contents in the communication. The disclaimer print in this box must be of sufficient type size to be “clearly readable” by the recipient of the communication, and the print must have a reasonable degree of color contrast between the background and the printed statement. 11 CFR 110.11(c)(2)(ii) and (iii).

The regulations contain a safe harbor that establishes a fixed, twelve-point type size as a sufficient size for disclaimer text in newspapers, magazines, flyers, signs and other printed communications that are no larger than the common poster size of 24 inches by 36 inches. 11 CFR 110.11(c)(2)(i). Disclaimers for larger communications will be judged on a case-by-case basis.

The regulations additionally provide two safe harbor examples that would comply with the color-contrast requirement:

- The disclaimer is printed in black text on a white background; or

- The degree of contrast between the background color and the disclaimer text color is at least as great as the degree of contrast between the background color and the color of the largest text in the communication. 11 CFR 110.11(c)(2)(iii).²

Personal Use of Campaign Funds

The new rules retain the existing prohibition against the personal use of campaign funds as well as the so-called “irrespective test.” Candidates may not, therefore, use funds in a campaign account to “fulfill a commitment, obligation, or expense of any person that would exist irrespective of the candidate’s campaign or duties as a Federal officeholder.” 11 CFR 113.1(g). Personal use of campaign funds includes, but is not limited to, payment of the following: household items or supplies, clothing (except for clothing items of *de minimis* value), tuition payments, mortgage, rent or utility payments, vacations and health or country club dues. 11 CFR 113.1(g)(1)(i). The regulations have, however, been amended as follows.

Candidate salaries. The most notable change permits a candidate for federal office to receive a salary from his or her principal campaign committee.³ According to the regulations, a salary may be received under the following conditions:

- The salary must be paid by the principal campaign committee.
- The salary must not exceed the lesser of either the minimum annual salary for the federal office sought or what the candidate

received as earned income in the previous year.⁴

- Individuals who elect to receive a salary from their campaign committees must provide income tax records and additional proof of earnings from relevant years upon request from the Commission.
- Payments of salary from the committee must be made on a pro-rata basis.⁵
- Incumbent federal officeholders may not receive salary payment from campaign funds.
- The first payment of salary shall be made no sooner than the filing deadline for access to the primary election ballot in the state in which the candidate is running for office.⁶

Members of a candidate’s family. The new regulations amend the definition of a candidate’s family at 11 CFR 113.1(g)(7). The previous regulations included as a member of a candidate’s family, “a person who has a committed relationship with a candidate, such as sharing a household and having mutual responsibility for each other’s welfare or living expenses.” 11 CFR 113.1(g)(7)(iv). This section has been removed from the new regulations and replaced with a provision that includes any person who shares a residence with the candidate.

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⁴ Any salary paid by the campaign committee will be equal to the lesser of these two amounts. Furthermore, additional salary or wages received from other sources will count toward the limit that may be received by the candidate.

⁵ This provision will prevent a candidate from receiving a whole year’s salary if he or she is not a candidate for an entire twelve-month period.

⁶ The filing deadline for the primary election for federal candidates is determined by state law. In those states that do not have a primary election, candidates may not receive payment until after January 1st of each even-numbered year.

² Please note these examples do not constitute the only ways to satisfy the color contrast requirement.

³ This amendment to the regulations supersedes Advisory Opinion 1999-1.

Other Provisions

(continued from page 15)

The Commission recognized that any person living with the candidate may pay a share of his or her living expenses without making a contribution to the campaign. The Commission further noted that the personal funds of a candidate would include his or her share of a joint account held with the person(s) with whom a residence is shared. However, gifts from the campaign to family members or anyone residing with the candidate are prohibited because they may be used support personal expenses of the candidate. 11 CFR 113.1(g)(4).

Recordkeeping of personal uses. Recordkeeping requirements for expenses that may be partly personal in nature have been added to the regulations. Such expenses may include, but are not limited to, the costs of vehicles, travel, meals and legal services.⁷ The new provision requires that logs of these expenses be maintained to help the Commission determine on a case-by-case basis what portion was for personal use rather than for campaign related activity or officeholder duties.

“Any other lawful purpose.” The BCRA deleted the phrase “for any other lawful purpose” from the list of permitted uses of campaign funds at 2 U.S.C. §439a. Therefore, the Commission has removed the section referring to “any other lawful purpose” regarding the use of campaign funds. Thus, in addition to paying expenses in connection with the campaign for federal office, campaign funds may be used only for non-campaign purposes included in an exhaustive list found at 11 CFR 113.2 (a), (b), and (c).

Contributions to other candidates. In a previous rulemaking, the Commission amended the regulations regarding contribution limits

(see page 10). The Commission has noted, however, that the contribution limits for authorized candidate committees has not changed as a result of the BCRA. Authorized committees may make contributions of \$1,000 or less to authorized committees of other federal candidates. They may also make contributions to state and local candidates in furtherance of the federal candidate’s election. See 2 U.S.C. §439a(a)(1).

Payment of campaign and officeholder expenses from campaign accounts. Congress has deleted the phrase “in excess of any amount to defray” campaign expenses from 2 U.S.C. §439a. Therefore, the Commission has revised 11 CFR 113.1 and 113.2 so that officeholders may spend money from campaign accounts to pay for campaign and non-campaign expenses incurred as a consequence of holding federal office. Such expenses, according to the Commission, may be paid in any order.

Prohibitions on Fraudulent Solicitations

The final rule prohibits a person from fraudulently misrepresenting that the person is speaking, writing or otherwise acting for, or on behalf of, a federal candidate or political party, or an employee or agent of either, for the purpose of soliciting contributions or donations. Persons are also banned from willfully and knowingly participating in, or conspiring to participate in, any scheme to do so. 11 CFR 110.6(b)(1) and (2). The regulation implementing this new provision, together with the pre-BCRA fraudulent misrepresentation regulation formerly found at 11 CFR 110.9(b), is combined in new 11 CFR 110.16.

Civil Penalties

The BCRA amends the Federal Election Campaign Act (the Act) to impose greater penalties for knowing and willful violations of the Act regarding contributions made in the

name of another.⁸ The Commission has amended the regulations to impose a civil penalty for such violations that is not less than 300 percent of the amount of any contribution, but is no more than \$50,000 or 1,000 percent of the amount of the contribution involved. 11 CFR 111.24. ♦

Coordinated, Independent Expenditures

On December 5, 2002, the Commission approved final rules to implement provisions of the BCRA that:

- Define coordination between a candidate or a political party and a person making a communication; and
- Set forth requirements for political party committees regarding the permitted timing of independent and coordinated expenditures, and transfers and assignments.

Note that new reporting requirements for certain independent expenditures are included in the final rules on BCRA reporting, approved on December 12, 2002.¹

The final rules and their Explanation and Justification were published in the January 3, 2003, *Federal Register* (68 FR 421) and are available on the FEC web site at www.fec.gov/pages/bcra/

⁸ The Act’s civil penalties are set forth in two tiers of monetary penalties at 2 U.S.C. §§437g(a)(5), (6), and (12). The first tier addresses violations of the Act, whereas the second tier speaks to “knowing and willful” violations of the Act. The Commission addressed changes to the second tier regarding contributions in the name of another.

¹ This rulemaking is summarized on page 19.

⁷ See 11 CFR 113.1(g)(1)(ii)(A), (B), (C), and (D) and 11 CFR 113.2.

[rulemakings/ coordinated_independent_expenditures.htm](#).

Coordination

The BCRA repealed Commission regulations defining a “coordinated general public political communication” (old 11 CFR 100.23), and instructed the Commission to promulgate new rules on “coordinated communications paid for by persons other than candidates, authorized committees of candidates, and party committees.” Pub. L. 107-155, sec. 214(c) (March 27, 2002).

New 11 CFR 109.20(a) implements 2 U.S.C. §§441a(a)(7)(B)(i) and (ii) by defining “coordinated” to mean “made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents.”²

The rules in section 109.21 define a “coordinated communication,” which is treated as an in-kind contribution to the candidate, authorized committee or party committee the communication is coordinated with, and must be reported as such. The new regulations provide for a three-part test to determine whether a communication is coordinated. Satisfaction of all of the three specific tests justifies the conclusion that payments for the coordinated communication are for the purpose of influencing a federal election. The three parts of the test consider:

- The source of payment;
- A “content standard” regarding the subject matter of the communication; and
- A “conduct standard” regarding the interactions between the person paying for the communication and the candidate or political party committee. 11 CFR 109.21(a).

Source of Payment. A coordinated communication is paid for by someone other than a candidate, an authorized committee or a political party committee. However, a person’s status as a candidate would not exempt him or her from the coordination regulations with respect to payments he or she makes on behalf of a different candidate. 11 CFR 109.21(a)(1).

Content Standard. The purpose of the four content standards is to determine whether the subject matter of a communication is reasonably related to an election. A communication that meets any of these four standards meets the content requirement:

1. A communication that is an “electioneering communication”;
2. A public communication that republishes, disseminates or distributes candidate campaign materials, unless the activity meets one of the exceptions at 11 CFR 109.23(b) discussed in the conduct standards below;
3. A public communication that expressly advocates the election or defeat of a clearly identified candidate for federal office; or
4. A public communication that:
 - Refers to a clearly-identified federal candidate or political party;
 - Is publicly distributed or disseminated 120 days or fewer before a primary or general election or a convention or caucus with the authority to nominate a candidate; *and*
 - Is directed to voters in the jurisdiction of the clearly identified candidate or to voters in a jurisdiction where one or more candidates of the political party appear on the ballot. 11 CFR 109.21(c)(1)-(4).

Conduct Standard. Under the final rules, if one of the conduct standards is met, and the first two parts of the test (the content standards and the source of payment) are also met, then the communication is coordinated. 11 CFR

109.21(d). The conduct standards are as follows:

1. *Request or Suggestion.* This test has two prongs, and satisfying either satisfies the test. The first prong is satisfied if the person creating, producing or distributing the communication does so at the request or suggestion of a candidate, authorized committee, political party committee or agent of any of these. The second prong of the “request or suggestion” conduct standard is satisfied if a person paying for the communication suggests the creation, production or distribution of the communication to the candidate, authorized committee, political party committee or agent of any of the above, and the candidate or political party committee assents to the suggestion. 11 CFR 109.21(d)(1).
2. *Material Involvement.* This test is satisfied if a candidate, candidate committee, political party committee or an agent of any of these was “materially involved in decisions” regarding any of the following aspects of a public communication paid for by someone else:
 - Content of the communication;
 - Intended audience;
 - Means or mode of the communication;
 - Specific media outlet used;
 - Timing or frequency of the communication; or
 - Size or prominence of a printed communication or duration of a communication by means of broadcast, cable or satellite. 11 CFR 109.21(d)(2).
3. *Substantial Discussion.* A communication meets this standard if it is created, produced or distributed after one or more substantial discussions between the person paying for the communication, or the person’s

² “Agent” is defined at 11 CFR 109.3, for the purposes of part 109 only.

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Coordinated, Independent Expenditures

(continued from page 17)

agents, and the candidate clearly identified in the communication or that candidate's committee, that candidate's opponent or opponent's committee, a political party committee, or an agent of the above. A discussion would be "substantial" if information about the plans, projects, activities or needs of the candidate or political party committee that is material to the creation, production or distribution of the communication is conveyed to the person paying for the communication. 11 CFR 109.21(d)(3).

4. *Employment of Common Vendor.*

This conduct standard explains what a common vendor is and provides that the use of a common vendor in the creation, production or distribution of a communication satisfies the conduct standard if:

- The person paying for the communication contracts with, or employs, a "commercial vendor" to create, produce or distribute the communication.³
- The commercial vendor, including any officer, owner or employee of the vendor, has a previous or current relationship with the candidate or political party committee that puts the commercial vendor in a position to acquire information about the campaign plans, projects, activities or needs of the candidate or political party committee. This previous relationship is defined in terms of nine specific services related to campaigning and campaign communications. Note that these services would have to have been rendered during the election cycle in which the communication is first publicly distributed.

³ The term "commercial vendor" is defined at 11 CFR 116.1(c).

- The commercial vendor uses or conveys information about the campaign plans, projects, activities or needs of the candidate or political party committee, or information previously used by the commercial vendor in serving the candidate or political party committee, to the person paying for the communication, and that information is material to the creation, production or distribution of the communication. 11 CFR 109.21(d)(4).

- ### 5. *Former Employee/Independent Contractor.*
- This standard applies to communications paid for by a person who has previously been an employee or an independent contractor of a candidate's campaign committee or a political party committee during the election cycle. The standard requires that the former employee use or convey material information about the plans, projects, activities or needs of the candidate or political party committee, or material information used by the former employee in serving the candidate or political party committee, to the person paying for the communication, and the information is material to the creation, production or distribution of the communication. 11 CFR 109.21(d)(5).⁴

⁴ Under the final rules, a candidate or political party committee would not be held responsible for receiving or accepting an in-kind contribution that resulted only from conduct described in the fourth and fifth conduct standards. 11 CFR 109.21(d)(4) and (d)(5). However, the person paying for a communication that is coordinated because of conduct described in the fourth or fifth conduct standards would still be responsible for making an in-kind contribution for purposes of the contribution limitations, prohibitions and reporting requirements of the Act. 11 CFR 109.21(b)(2).

- ### 6. *Dissemination, distribution or republication of campaign material.*
- A communication that republishes, disseminates or distributes campaign material only satisfies the first three conduct standards on the basis of the candidate's conduct—or that of his or her committee or agents—that occurs after the original preparation of the campaign materials that are disseminated, distributed or republished. 11 CFR 109.21(d)(6).⁵

Agreement or formal collaboration. Neither agreement (defined as a mutual understanding on any part of the material aspect of the communication or its dissemination) nor formal collaboration (defined as planned or systematically-organized work) is necessary for a communication to be a coordinated communication. 11 CFR 109.21(e).

Safe harbor for responses to inquiries about legislative or policy issues. A candidate's or political party committee's response to an inquiry about that candidate's or party's positions on legislative or policy issues, which does not include discussion of campaign, plans, projects, activities or needs, will not satisfy any of the conduct standards. 11 CFR 109.21(f)

Party Coordinated Communications. Although Congress did not specifically direct the Commission

⁵ Please note that the financing of the distribution or republication of campaign materials, while considered an in-kind contribution by the person making the expenditure, is not considered an expenditure by the candidate's authorized committee unless the dissemination, distribution or republication of campaign materials is coordinated. Additionally, republications of campaign materials coordinated with party committees are in-kind contributions to such party committees, and are reportable as such. 11 CFR 109.23(a).

to promulgate a new regulation on coordinated communications paid for by political party committees, the Commission is promulgating final rules to set forth the circumstances under which communications paid for by a party committee would be considered to be coordinated with a candidate, a candidate's authorized committee or their agents. These rules would generally apply the same coordination standards that would be applied to communications paid for by other persons. 11 CFR 109.37.

Coordinated and Independent Expenditures by Party Committees

National, state and subordinate committees of political parties may make expenditures up to prescribed limits in connection with the general election campaigns of federal candidates without counting such expenditures against the committees' contribution limits. 2 U.S.C. §441a(d). These expenditures are commonly referred to as "coordinated party expenditures," and the limits for these expenditures can be found in new section 11 CFR 109.32.⁶

When coordinated party expenditures can be made. Political party committees can make coordinated party expenditures in connection with the general election campaign before or after the party's candidate has been nominated. All pre-nomination coordinated expenditures continue to be subject to the coordinated party expenditure limitations, whether or not the candidate on whose behalf they are made receives the party's nomination. 11 CFR 109.34.

Restrictions on making both independent expenditures and coordinated expenditures. In BCRA, Congress prohibits political party committees, under certain conditions, from making both

coordinated party expenditures and independent expenditures with respect to the same candidate, and from making transfers and assignments to other political party committees. 2 U.S.C. §441a(d)(4). Congress plainly intended to combine certain political party committees into a collective entity or entities for purposes of these restrictions. 2 U.S.C. §441a(d)(4)(B).

For the purposes of these restrictions only, all political parties established and maintained by a national political party (including all Congressional campaign committees), and all political committees established and maintained by a state political party (including any subordinate committee of a state committee), shall be considered to be a single political committee. 11 CFR 109.35(a).

Under the BCRA and the new regulations, a political party committee is prohibited from making any post-nomination coordinated party expenditure in connection with the general election campaign of a candidate at any time after that political party committee makes any post-nomination independent expenditure with respect to the candidate. 11 CFR 109.35(b)(1). Similarly, a political party committee is prohibited from making any post-nomination independent expenditure with respect to a candidate at any time after that political party committee makes a post-nomination coordinated expenditure in connection with the general election campaign of the candidate. 11 CFR 109.35(b)(2).

Prohibited Transfers. Congress provided in the BCRA that a "committee of a political party" that makes coordinated party expenditures with respect to a candidate must not, during an election cycle, transfer any funds to, assign authority to make coordinated party expenditures under 2 U.S.C. §441a(d) to, or receive a transfer of

funds from, a "committee of the political party" that has made or intends to make an independent expenditure with respect to the candidate. 2 U.S.C. §441a(d)(4)(C). The final rules generally track this statutory language. 11 CFR 109.35(c).

National party independent expenditures on behalf of Presidential candidates. Prior to the enactment of the BCRA, the Commission's rules prohibited a national committee of a political party from making independent expenditures in connection with the general election campaign of a Presidential candidate. See former 11 CFR 110.7(a)(5). However, section 441a(d)(4), added by the BCRA, precludes such a broad prohibition. As a result, the Commission has added a new section that specifically prohibits a national committee of a political party from making independent expenditures with respect to a Presidential candidate if it serves as the principal campaign committee or authorized committee of its Presidential candidate under 11 CFR 9002.1(c). 11 CFR 109.36. ♦

Reporting

On December 12, 2002, the Commission approved final rules on reporting requirements related to the BCRA, including:

- Reporting of independent expenditures;
- Reporting of electioneering communications;
- Quarterly reporting by the principal campaign committees of House and Senate candidates;
- Monthly reporting by national committees of political parties; and
- Reporting funds for state and local party office buildings.

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⁶ These limits were formerly located at 11 CFR 110.7.

Reporting

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The final rules and their Explanation and Justification were published in the January 3, 2003, *Federal Register* (68 FR 404) and are available on the FEC web site at http://www.fec.gov/pages/bcra/rulemakings/rulemakings_bcra.htm.

Independent Expenditures

The BCRA requires political committees and other persons who make independent expenditures at any time during a calendar year—up to and including the 20th day before an election—to disclose this activity within 48 hours each time that the expenditures aggregate \$10,000 or more. This reporting requirement is in addition to the pre-BCRA requirement to file 24-hour notices of independent expenditures each time that disbursements for independent expenditures aggregate at or above \$1,000 during the last 20 days—up to 24-hours—before an election. 2 U.S.C. §§434(b), (d) and (g). The new rules address when and how such reports should be filed.

Independent expenditures aggregating less than \$10,000. Committees must report on Schedule E of Form 3X independent expenditures that aggregate less than \$10,000 with respect to a given election during the calendar year that are made up to and including the 20th day before an election. The report must be filed no later than the filing date of the committee's next regularly-scheduled report. 11 CFR 104.4(a) and (b)(1). Individuals other than political committees disclose on FEC Form 5 independent expenditures aggregating in excess of \$250 with respect to a given election during the calendar year that are made during this time period. The report must be filed by the filing deadline of the next report under the quarterly filing schedule. 11 CFR 109.10(b).

Both committees and individuals must file an additional report each

time that independent expenditures made less than 20 days, but more than 24 hours, before an election aggregate in excess of \$1,000. These reports must be *received* by the Commission by the end of the day following the date that the communication is publicly disseminated. All individuals and committees, even those supporting or opposing Senate candidates, must file 24-hour notices of independent expenditures with the Commission. Electronic filers must file these reports electronically, and paper filers may file by fax or e-mail. Additionally, electronic filers and paper filers may file 24-hour reports using the FEC web site's online program. 11 CFR 104.4(c), 109.10(d) and 100.19(d)(3).

Independent expenditures aggregating \$10,000 and above. Once an individual's or committee's independent expenditures reach or exceed \$10,000 in the aggregate at any time up to and including the 20th day before an election, they must be reported within 48 hours of the date that the expenditure is publicly distributed. All 48-hour reports must be filed with and *received* by the Commission at the end of the second day after the independent expenditure is publicly distributed. Electronic filers must file these reports electronically, and paper filers may file by fax or e-mail. 11 CFR 104.4(b)(2), 109.10(c) and 100.19(d)(3).

Verification of independence. All 24- and 48-hour reports must contain, among other things, a verification under penalty of perjury as to whether the expenditure was made in cooperation, consultation or concert with a candidate, a candidate's committee, a political party committee or an agent of any of these. 11 CFR 104.4(d)(1) and 109.10(e)(1)(v).

Aggregating independent expenditures for reporting purposes. Independent expenditures are aggregated toward the various

reporting thresholds on a per-election basis within the calendar year. Consider, as examples, the following scenarios, all of which occur outside of the 20-day window before an election when 24-hour notices are required:

- If a committee makes \$5,000 in independent expenditures with respect to a Senate candidate, and \$5,000 in independent expenditures with respect to a House candidate, then the committee is not required to file 48-hour reports, but must disclose this activity on its next regularly-scheduled report.
- If the committee makes \$5,000 in independent expenditures with respect to a clearly-identified candidate in the primary, and an additional \$5,000 in independent expenditures with respect to the same candidate in the general, then again no 48-hour notice is required and the expenditures are disclosed on the committee's next report.
- If the committee makes \$6,000 in independent expenditures supporting a Senate candidate in the primary election and \$4,000 opposing that Senate candidate's opponent in the same election, then the committee must file a 48-hour report.

The date that a communication is publicly disseminated serves as the date that a person or committee must use to determine whether the total amount of independent expenditures has, in the aggregate, reached or exceeded the threshold reporting amounts of \$1,000 or \$10,000. The calculation of the aggregate amount of the independent expenditures must include both disbursements for independent expenditures and all contracts obliging funds for disbursements of independent expenditures. 11 CFR 104.4(f).

Electioneering Communications

The BCRA requires persons who make electioneering communications that aggregate more than

\$10,000 to file disclosure statements with the Commission within 24 hours of the disclosure date. 2 U.S.C. §434(f)(1). The new regulations implement this provision, and require that the statement be *received* by the Commission by 11:59 on the day following the disclosure date. Electronic filers must file these reports electronically, and paper filers may file by fax or e-mail. 11 CFR 100.19(f).

The regulations define “disclosure date” as:

- The first date on which an electioneering communication is publicly distributed, provided that the person making the electioneering communication has made disbursement(s), or has executed contract(s) to make disbursements, for the direct costs of producing or airing¹ one or more electioneering communication aggregating in excess of \$10,000; or
- Any other date during the same calendar year on which an electioneering communication is publicly distributed, provided that the person making the communication has made disbursement(s) or executed contract(s) to make disbursements for the direct costs of airing one or more electioneering communication aggregating in excess of \$10,000 since the most recent disclosure date. 11 CFR 104.20(a)(1)(i).

Disbursements made at any time for the direct costs of producing or airing the publicly-distributed electioneering communication, or

¹ *The direct costs of producing or airing electioneering communications are defined as the costs charged by a vendor, such as studio rental time, staff salaries, costs of video or audio recording media and talent, or the cost of airtime on broadcast, cable and satellite radio and television stations, studio time, material costs and the charges for a broker to purchase the airtime. 11 CFR 104.20(a)(2).*

other unreported electioneering communications, count toward the threshold. However, costs already reported for earlier electioneering communications are not included.

Each statement must disclose:

- The identification of the person who made the disbursement, or who executed a contract to make a disbursement, and the person’s principal place of business if the person is not an individual;
- The identification of any person sharing or exercising direction or control² over the activities of the person who made the disbursement or executed the contract;
- The identification of the custodian of books and accounts from which the disbursements were made;
- The amount of each disbursement or amount obligated in excess of \$200 during the period covered by the statement, the date of the transaction and the person who received the funds;
- All clearly-identified candidates referred to in the electioneering communication and the elections in which they are candidates;
- The disclosure date; and
- The name and address of each donor who, since the first day of the preceding calendar year, has donated in the aggregate \$1,000 or more to the person making the disbursements, or to the separate segregated bank account if the disbursements were paid exclusively from that bank account. 11 CFR 104.20(c).

² *Persons sharing or exercising direction or control means officers, directors, executive directors or their equivalent, partners and, in the case of unincorporated organizations, owners of the entity or person making the disbursement for the electioneering communication. 11 CFR 104.20(a)(3).*

Filing Frequency for House and Senate Committees and National Party Committees

House and Senate Candidates.

The BCRA requires that all principal campaign committees of House and Senate candidates file quarterly in non-election years as well as in election years. 2 U.S.C. §434(a)(2)(B). As a result, House and Senate campaign committees may no longer file on a semi-annual basis during non-election years. 11 CFR 104.5(a).

National party committees. Under the BCRA, national party committees must file on a monthly basis in all years. 2 U.S.C. §434(a)(4)(B). Thus, under the new regulations a national committee of a political party, including a national Congressional campaign committee, must always file monthly and may no longer file on a quarterly basis in election years and semi-annually in non-election years. 11 CFR 104.5(c)(4).

Funds for Party Office Buildings

Commission regulations on nonfederal funds (or “soft money”) provide that donations used by a state, district or local party committee for the purchase or construction of an office building are subject to state law if they are donated to a nonfederal account. However, if funds or things of value are contributed to or used by the party’s federal account to buy or build an office building, then the amounts donated are contributions. 11 CFR 300.12 and 300.35. The new rules clarify that any funds or things of value received by a federal account and used for the purchase or construction of an office facility, regardless of any specific contributor designation, are contributions and not treated any differently from other funds or goods donated to the federal account. 11 CFR 104.3(g). ♦

Millionaires' Amendment

On December, 19, 2002, the Commission approved interim final rules that increases individual contribution limits and coordinated party expenditure limits for certain candidates running against self-financed opponents. The rules address:

- Monetary thresholds that trigger the increased individual contribution and coordinated party expenditure limits;
- Computation formulas used to determine the application of the increased limits;
- The specific amounts of the increases in individual contribution limits;
- New reporting and notification requirements; and
- Repayment restrictions for personal loans from the candidate.

Threshold Amounts

The provisions of the BCRA's Millionaires' Amendment increase the individual contribution and coordinated party expenditure limits for House and Senate candidates whose opponents' personal spending exceeds their own by more than certain threshold amounts. The difference between the candidates' expenditures of personal funds can be reduced by a disparity in other campaign fundraising. The threshold amounts for House and Senate candidates differ. For House candidates the threshold amount is \$350,000; for Senate candidates it is two times the sum of \$150,000 plus an amount equal to the voting age population of the state in question multiplied by \$0.04.¹

¹ Differently formulated: $\$150,000 + (.04 \times (\text{voting age population})) = \text{Senate threshold}$.

Opposition Personal Funds Amount

As noted above, opposition personal spending that exceeds the threshold amounts does not by itself trigger increased contribution limits. The regulations also take into account expenditures from the personal funds of the candidate seeking increased limits under the Millionaires' Amendment as well as fundraising by the campaigns.

Campaigns must use the appropriate "opposition personal funds amount" formula to determine whether an opposing candidate has spent sufficient personal funds in comparison to the amounts raised by the campaigns to trigger increased contribution and coordinated party expenditure limits. The opposition personal funds formula takes half the difference between the gross receipts of the candidate and the gross receipts of the opponent and subtracts that from the amount by which the opponent is outspending the candidate using their personal funds.² Hence, a candidate with a significant fundraising advantage

² Depending on the date of computation, the formula is either $a - b$; $a - b - ((c - d)/2)$; or $a - b - ((e - f)/2)$, where:

- $a = \text{opponent's personal funds spending}$;
- $b = \text{candidate's personal funds spending}$;
- $c = \text{candidate's receipts (contributions not from candidate)}$;
- $d = \text{opponent's receipts (contributions not from opponent)}$;
- $e = \text{candidate's receipts (contributions not from candidate)}$;
- $f = \text{opponent's receipts (contributions not from opponent)}$.

The values for c and d are determined on June 30 of the year before the election (report due on July 15), and the values for e and f are determined on December 31 of the year before the election (year-end report due on January 31). Prior to July 16 of the year before the election, values for c , d , e , and f are not included in the equations, and the "opposition personal funds amount" formula is $a - b$.

over a self-financed opponent might not receive an increased contribution limit. In this way, the new rules avoid giving increased contribution limits to candidates whose campaigns have a significant fundraising advantage over their opponents.

Increased Contribution Limits

When a House candidate's opposition personal funds amount exceeds the \$350,000 threshold:

- The contribution limits for the candidate triple; and
- The national and state party committees may make coordinated expenditures on behalf of the candidate that are not subject to the usual 2 U.S.C. §441a(d) limits.

For Senate candidates, the extent to which a candidate's opposition personal funds amount exceeds the threshold determines the amount of the increase in contribution limits. If it exceeds:

- Twice the threshold,³ then the contribution limits for the candidate are tripled;
- Four times the threshold,⁴ then the contribution limits for the candidate are raised six-fold;
- Ten times the threshold,⁵ then the contribution limits for the candidate are raised six-fold, and the national and state party committees may make unlimited coordinated expenditures on the candidate's behalf.

Avoiding Excessive Contributions Under the Increased Limits

Campaigns that accept contributions under the increased limits must continually monitor the opposition personal funds amount to ensure their continued eligibility for the increased limits and to make sure that they have not accepted excessive contributions. Similarly,

³ $\$300,000 + (\$0.08 \times \text{VAP})$.

⁴ $\$600,000 + (\$0.16 \times \text{VAP})$.

⁵ $\$1,500,000 + (\$0.40 \times \text{VAP})$.

national and state party committees must monitor the opposition personal funds amount for campaigns in which they are making coordinated party expenditures in excess of the regular coordinated party expenditure limits (at 11 CFR 109.32(b)).

Senate candidates (and their authorized committees) must not accept and national and state party committees making coordinated party expenditures on behalf of Senate candidates must not make any contribution or coordinated party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 110 percent of the opposition personal funds amount.

Similarly, House candidates (and their authorized committees) must not accept and national and state party committees making coordinated party expenditures on behalf of House candidates must not make any contribution or coordinated party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 100 percent of the opposition personal funds amount.

Reporting and Notification

In order to facilitate this continual monitoring of fundraising and personal spending by candidates and party committees, new reporting and notification requirements have been added to the regulations.

At the outset, candidates must declare on their Statement of Candidacy (FEC Form 2) the amount by which their personal spending on the campaign will exceed the applicable threshold amount. 11 CFR 101.1(a). Also, to facilitate opposition personal funds calculations, by July 15 of the year before the election and January 31 of the year in which the election takes place, each principal campaign committee must file a report disclosing the aggregate gross receipts for

the primary and general elections, and the candidate's aggregate contributions from personal funds for the primary and general elections (FEC Form 3Z-1). 11 CFR 104.19.

Additionally, a Senate candidate's principal campaign committee must notify the Secretary of the Senate, the Commission and each opposing candidate within 24 hours when the candidate makes an expenditure from personal funds that aggregates in excess of the threshold (FEC Form 10). 11 CFR 400.21(a). A House candidate's principal campaign committee must notify the Commission, each opposing candidate and the national party committee of each opposing candidate within 24 hours when the candidate makes an expenditure from personal funds that aggregates in excess of the threshold (FEC Form 10). 11 CFR 400.21(b).

From that time on, the committee must also notify all of the above-listed entities within 24 hours whenever the candidate makes an additional expenditure from personal funds in excess of \$10,000. 11 CFR 400.22. Both the initial and additional notifications must be made by faxing or e-mailing a copy of FEC Form 10 to all of the entities mentioned above.⁶ 11 CFR 400.24.

Within 24 hours after they become eligible, candidates who qualify for increased coordinated party expenditure limits (or their principal campaign committees) must file FEC Form 11 to inform their national and state party committees and the Commission of the opposition personal funds amount.

National or state political party committees that make coordinated

expenditures on behalf of a candidate whose limits have been raised must notify the Commission and the candidate on whose behalf the expenditure is made within 24 hours, using Schedule F. 11 CFR 400.30(c)(2).

Senate candidates operating under the increased limits (or their principal campaign committees) must file FEC Form 12 within 24 hours after the aggregate amount of contributions accepted and coordinated party expenditures made under the increased limits reaches 110 percent of the opposition personal funds amount.

House candidates operating under the increased limits (or their principal campaign committees) must file FEC Form 12 within 24 hours after the aggregate amount of contributions accepted and coordinated party expenditures made under the increased limits reaches 100 percent of the opposition personal funds amount.

Repayment of Personal Loans from Candidate

Apart from the calculations and disclosure requirements surrounding the increased contribution limits, the new rules also restrict the repayment of loans made by the candidate to his or her committee. The new rules apply to all candidates, without regard to any of the Millionaires' Amendment provisions. For personal loans⁷ from the candidate to his or her authorized committee that aggregate more than \$250,000, the following rules apply:

- The committee may use contributions to repay the candidate for the entire amount of the loan or loans only if those contributions were made on or before the day of the election; and
- The committee may use contributions to repay the candidate only up to \$250,000 from contributions

⁶ Note that, for Senate candidates, the original Form 10 will be filed with the Secretary of the Senate in the manner that all forms are normally filed. Similarly, for House candidates, the original Form 10 will be filed electronically with the Commission.

(continued on page 24)

Millionaires' Amendment

(continued from page 23)

made after the date of the election.
11 CFR 116.11(b).

Furthermore, if the committee uses the amount of cash-on-hand as of the date of the election to repay the candidate for loans in excess of \$250,000, it must do so within 20 days of the election. 11 CFR 116.11(c). During that time, the committee must treat the portion of candidate loans that exceed \$250,000, minus the amount of cash-on-hand as of the day after the election, as a contribution by the candidate. 11 CFR 116.11(c).

Additional Information

These rules, and their Explanation and Justification, are published in the January 27, 2003, *Federal Register* (68 FR 3970) and are available on the FEC web site at <http://www.fec.gov/pages/bcra/rulemakings/millionaire.htm>. The rules took effect on February 26, 2003. ♦

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ONE

THE COMMITTEE

CHAPTER 1

Defining Nonconnected Committees

1. What is a Nonconnected Committee

A nonconnected committee is a *political committee* that is **not** a *party committee*, an *authorized committee* of a *candidate* or a *separate segregated* fund established by a *corporation* or *labor organization*. 100.5(a) and 106.6(a).

Although nonconnected committees and corporate or labor separate segregated funds (SSFs) are both commonly called “political action committees” or “PACs,” a nonconnected committee is distinguishable from an SSF by the following basic features:

No Connected Organization

A nonconnected committee does not have a “connected organization”—that is, no corporation or labor organization establishes, administers or raises money for a nonconnected committee. (An SSF, by definition, always has a sponsoring corporation or labor organization.)

However, a nonconnected committee may nonetheless receive limited financial and administrative support from a sponsoring organization that is not a corporation or a labor organization, such as a partnership or an unincorporated association. See “Sponsors Affiliated with Corporations” on page 62 for more information.

Limited Sponsorship

All forms of support including money and other things of value received by a nonconnected committee from a sponsoring organization are considered contributions, which are subject to annual limits, prohibitions and disclosure requirements under the Federal Election Campaign Act.

By contrast, an SSF may receive unlimited support from its connected organization, and that support is generally not subject to federal disclosure requirements. See page 62 “Support from Sponsoring Organization.”

Unrestricted Solicitations

Unlike an SSF, a nonconnected committee may solicit contributions from anyone in the general public who may lawfully make a contribution in connection with a federal election.

An SSF, by contrast, may solicit only a limited class of individuals who have specific relationships with the connected organization (i.e., stockholders, members and certain employees of the connected organization).

Leadership PACs

Members of Congress and other political leaders often establish nonconnected committees, called leadership PACs, to support candidates for various federal and nonfederal offices. While these PACs might be associated with a candidate for federal office, they nonetheless may remain legally unaffiliated with the candidate’s principal campaign committee and operate under the same rules as other nonconnected committees. See Advisory Opinions 2000-12, 1991-12, 1986-06, 1985-40, and 1978-12.

CHAPTER 2

Getting Started

1. Registering with the FEC

\$1,000 Registration Threshold

The *Act* requires “*political committees*” to register with the FEC. A *nonconnected committee* becomes a “political committee” once its contributions or expenditures exceed \$1,000 in a calendar year. 100.5(a) and 102.1(d).

After that threshold is crossed, the committee must register within 10 days, and all financial activities must be periodically reported. However, a nonconnected committee may register and begin reporting before it exceeds the \$1,000 threshold.

Registration Form

The registration form is FEC Form 1, the Statement of Organization. 102.2. See Section 4, below, for more information. Blank forms and instructions can be obtained from the FEC or from the Commission’s web site at www.fec.gov/reporting.html.

Establishing Federal and Nonfederal Bank Accounts

All political committees must register an official committee depository. A committee engaging in both federal and nonfederal election activity has two options:

- Set up one federal account (accepting only contributions subject to the limits and prohibitions of the Act) to support both federal and nonfederal candidates and report all activity to the FEC.
- Set up two accounts—one for federal elections and another for state and local elections.

The second option permits the committee to maintain a nonfederal account that has no federal registration or reporting obligations. When conducting an activity that relates to both federal and nonfederal elections, however, the committee must allocate the costs between the two accounts. For further information regarding allocation, see Chapter 10.

2. Treasurer

Treasurer Required

The committee must have a treasurer before it accepts contributions or makes expenditures. Also, only a treasurer or designated assistant treasurer may sign FEC reports and statements (see "Vacancy in Office," below). 102.7(a) and (b).

Treasurer's Duties

The treasurer (or registered assistant treasurer) is responsible for:

- Filing complete and accurate reports and statements on time. 104.14.
- Signing all reports and statements. 102.2(a), 104.1(a) and 104.14(a).
- Depositing receipts in the committee's designated bank within 10 days. 103.3(a).
- Authorizing expenditures or appointing an agent (either orally or in writing) to authorize expenditures. 102.7(c).
- Monitoring contributions to ensure compliance with the law's limits and prohibitions. 103.3(b); 110.1(k)(3).
- Keeping the required records of receipts and disbursements. 102.9 and 104.14.

Treasurer's Liability

Treasurers are personally responsible for carrying out the duties listed above and should understand these responsibilities, as well as their personal liability for fulfilling them, before taking them on.

When the Commission brings an enforcement action against a political committee, the treasurer is usually named as a respondent along with the committee itself. Even when an enforcement action alleges violations that occurred during the term of a previous treasurer, the Commission usually names the current treasurer as a respondent in the action.

REGISTRATION FORM

FEC FORM 1	STATEMENT OF ORGANIZATION <small>(See instructions)</small>	<small>Office Use Only</small>
1. NAME OF COMMITTEE (in full) <input type="checkbox"/> (Check if name is changed) Example: If typing, type over the lines.		12FE4M5
Civil Republic PAC		
ADDRESS (number and street) 123 Public Rd.		
<input type="checkbox"/> (Check if address is changed) Jamestown		VA 00000
<small>CITY ▲ STATE ▲ ZIP CODE ▲</small>		
COMMITTEE'S E-MAIL ADDRESS		
Civrep@crpac.org		
COMMITTEE'S WEB PAGE ADDRESS (URL)		
www.crpac.org		
2. DATE 09 / 13 / 2001		
3. FEC IDENTIFICATION NUMBER ▶ C		
4. IS THIS STATEMENT <input checked="" type="checkbox"/> NEW (N) OR <input type="checkbox"/> AMENDED (A)		
<small>I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.</small>		
Type or Print Name of Treasurer Seymour Glass		
Signature of Treasurer		Date 09 / 13 / 2001
<small>NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.</small>		
<small>Office Use Only</small>	<small>For further information contact: Federal Election Commission Toll Free 800-424-9530 Local 202-694-1100</small>	FEC FORM 1 <small>(Revised 1/01)</small>

Vacancy in Office

The Commission urges every committee to name an assistant treasurer who may assume the treasurer's duties when the treasurer's office becomes temporarily vacant or when the treasurer is unavailable. The assistant treasurer should be apprised of any filing requirements and, if the committee files electronically, should obtain an electronic filing password as well. 102.7(a) and (b). For further information on vacancies in office and electronic filing, see p. 27.

3. Naming the Committee

No Names of Candidates

The name of a *nonconnected committee* may not include the name of any *candidate* for federal office. (Only a candidate's *authorized committees* may register with his or her name.)

FORM 1 (PAGE 2)

FEC Form 1 (Revised 1/01)
Page 2

5. TYPE OF COMMITTEE (Check One)

(a) This committee is a principal campaign committee. (Complete the candidate information below.)

(b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate _____

Candidate Party Affiliation Office Sought: House Senate President State District

(c) This committee supports/opposes only one candidate, and is NOT an authorized committee.

Name of Candidate _____

(d) This committee is a (National, State or subordinate) committee of the (Democratic, Republican, etc.) Party.

(e) This committee is a separate segregated fund.

(f) This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.

6. Name of Any Connected Organization or Affiliated Committee

None _____

Mailing Address _____

_____ CITY ▲ STATE ▲ ZIP CODE ▲

Relationship _____

Type of Connected Organization:

Corporation Corporation w/o Capital Stock Labor Organization

Membership Organization Trade Association Cooperative

FETAN046

Further, a nonconnected committee may not use a candidate's name in any name under which the committee makes solicitations or other communications to the general public, unless the name clearly shows opposition to the candidate. 102.14(a) and (b)(3). See page 11 for more information.

Abbreviated Name/Nickname

The committee may use a shortened form of its official name on its checks and letterhead. The committee must include the abbreviated name, along with the full name, on:

- The Statement of Organization;
- All reports and notices the committee files with the FEC; and
- Any disclaimer notices the committee uses in public political advertisements. 110.11; AO 1999-20, 1996-47 and 1980-23.

4. Filling Out the Statement of Organization

Line-by-line instructions for filling out the Statement of Organization appear below.

Line 1. Name and Address of the Committee

Enter the full, official name of the committee. 102.14(c). Also enter any abbreviated name that the committee plans to use to identify itself.

Electronic Address

In addition to providing the mailing address of the committee, all filers (whether electronic or paper) must include the URL for their committee's web site, if the committee maintains one. Electronic filers must also include their e-mail address, if they have one. 102.2(a)(1)(vii).

Line 2. Date

When registering for the first time, enter the date when the committee became a "political committee"—i.e., the date when the committee exceeded the \$1,000 threshold described above. 102.1(d). Do not enter the date on which the form was filled out. (If the committee begins filing before becoming a political committee, this space should be left blank.)

When filing an amended Statement of Organization, enter the date on which the new information took effect (e.g., the date when a new treasurer took office). See 102.2(a)(2).

Line 3. FEC Identification Number

The FEC assigns an ID number to a new committee after the Commission receives the first Statement of Organization. Leave this space blank if the committee is filing its first Statement.

Always include the ID number on reports, statements and other communications sent to the FEC after the initial registration. 102.2(c).

FORM 1 (PAGE 3)

FEC Form 1 (Revised 1/01) Page 3

Write or Type Committee Name
Civil Republic PAC

7. **Custodian of Records:** Identify by name, address (phone number -- optional) and position of the person in possession of committee books and records.

Full Name **Seymour Glass**

Mailing Address **242 Carpenter Rd.**

Jamestown **VA** **00000**

CITY ▲ STATE ▲ ZIP CODE ▲

Title or Position ▼ **Treasurer** Telephone number **703** - **555** - **1212**

8. **Treasurer:** List the name and address (phone number -- optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name of Treasurer **Seymour Glass**

Mailing Address **242 Carpenter Rd.**

Jamestown **VA** **00000**

CITY ▲ STATE ▲ ZIP CODE ▲

Title or Position ▼ **Treasurer** Telephone number **703** - **555** - **1212**

Full Name of Designated Agent **Buddy Glass**

Mailing Address **9 Story St.**

Jamestown **VA** **00000**

CITY ▲ STATE ▲ ZIP CODE ▲

Title or Position ▼ **Assistant Treasurer** Telephone number **703** - **555** - **4451**

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Line 4. Is This Statement an Amendment?

Check "no" if the committee is registering for the first time. Check "yes" if the committee is updating information.

Line 5. Type of Committee

Check box (f) if the committee supports or opposes more than one federal candidate. Box (c) applies if the committee supports or opposes only one candidate. (These are the only boxes on Line 5 applicable to *nonconnected committees*.)

Line 6. Affiliated Committees

List the names and addresses of any committees affiliated with the registering committee. 102.2(b)(1)(ii). *Do not leave this line blank.* If there are no affiliated committees, then enter "none" on this line. More information on affiliation is provided in Section 8.

Line 7. Custodian of Records

All committees must keep records and accounts of their financial activities and retain them for at least three years beyond the date that it files any report to which those records relate. 102.9(a), (b) and (c) and 104.14(b).

On line 7, enter the name and address of the person who has actual possession of those records. The committee's treasurer, assistant treasurer or another person (such as an accountant or bookkeeper) may serve as the custodian of records. 102.2(a)(1)(iii). The recordkeeping rules are discussed in detail in Chapter 7.

Line 8. Treasurer and Assistant

Provide the name and mailing address of the treasurer on Line 8. The Commission also urges all political committees to name an assistant treasurer (or "designated agent") on Line 8. Only a registered assistant treasurer may sign FEC reports and statements in the treasurer's absence. 102.7(a), 104.1(a) and 104.14(a).

The treasurer's responsibilities are discussed in detail on **page 4**.

FORM 1 (PAGE 4)

FEC Form 1 (Revised 1/01) Page 4

9. **Banks or Other Depositories:** List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc. **First National Bank**

Mailing Address **967 Commerce Street**

Jamestown **VA** **20000**

CITY ▲ STATE ▲ ZIP CODE ▲

Line 9. Designated Depository

List the name and address of each *bank* where the committee deposits funds. The committee must have at least one checking account. 103.2. Note that affiliated committees may not share the same bank account, though they may establish separate bank accounts at the same financial institution. AOs 1986-33 and 1979-53.

Signing and Dating the Form

The treasurer or designated assistant treasurer must sign and date the form on the bottom of page 1. 104.14(a). The signer's name must also be typed or printed where indicated.

5. Filing the Form

In general, a nonconnected committee files its Statement of Organization with the Federal Election Commission. However, a nonconnected committee organized to support or oppose only Senate candidates files its statement and reports with the Secretary of the Senate. (See "Where to File" **Chapter 8, section 7.**)

A nonconnected committee must also file a copy of the Statement of Organization with the appropriate state election officer in the state where the committee has its headquarters, if that state has not received a waiver from the requirement to maintain copies of FEC Statements and reports. For more information, see page 28.

6. Updating Registration Information

Whenever any of the information disclosed on the Statement of Organization (Form 1) changes, the committee must report the change within 10 days by filing an amended Form 1 or by letter. 102.2(a)(2).

A copy of the amendment must also be filed with the appropriate state officer if the committee is headquartered in a state that has not qualified for a waiver. See page 28.

MULTICANDIDATE STATUS NOTIFICATION

NOTIFICATION OF MULTICANDIDATE STATUS

(See reverse side for instructions)

This form should be filed after the Committee qualifies as a multicandidate committee.

1. (a) NAME OF COMMITTEE IN FULL Civil Republic PAC (CR-PAC)		2. FEC IDENTIFICATION NUMBER C00000001
(b) Number and Street Address 123 Public Rd.		3. TYPE OF COMMITTEE (check one)
(c) City, State and ZIP Code Jamestown, VA 00000		<input type="checkbox"/> STATE PARTY <input checked="" type="checkbox"/> OTHER

I certify that **one** of the following situations is correct (complete line 4 or 5):

4. **STATUS BY AFFILIATION:** The committee submitted its Statement of Organization (FEC FORM 1) on _____ and simultaneously qualified as a multicandidate committee through its affiliation with:

Committee Name: _____

FEC Identification Number: _____

5. **STATUS BY QUALIFICATION:**

- (a) **Candidates:** The committee has made contributions to the five (5) federal candidates listed below (ONLY State party committees may leave this blank.):

	Name	Office Sought	State/District	Date
(i)	David Greenstone	House	NY/23	2/2/02
(ii)	Sean Blair-Turner	House	VA/3	2/9/02
(iii)	Deanna Meyler	Senate	CA	4/2/02
(iv)	Mary Ann McKibben	Senate	ND	5/8/02
(v)	Marc Griffin	House	MI/7	6/4/02

- (b) **Contributors:** The committee received a contribution from its 51st contributor on: 4/20/2002.

- (c) **Registration:** The committee has been registered for at least 6 months. FEC FORM 1 was submitted on: 09/13/2001.

- (d) **Qualification:** The committee met the above requirements on: 6/4/2002.

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER Seymour Glass	SIGNATURE OF TREASURER <i>Seymour Glass</i>	DATE 6/8/2002
---	--	-------------------------

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

FE1AND48	For further information contact: Federal Election Commission, Washington, DC 20463 Toll-free 800-424-9530 Local 202-694-1100	FEC FORM 1M (Revised 1/2001)
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Amending Form 1

When sending an amended Form 1, the committee needs to provide only:

- The full name and address of the committee;
- The FEC ID number;
- The changed information;
- The date the change took effect; and
- The treasurer's name and signature.

The rest of the form may be left blank.

It is important to note that committees filing electronically must make amendments to Form 1 electronically. In that

case, the entire form must be resubmitted. The committee may not leave the unchanged portion blank.

Reporting Changes by Letter

A committee that is not required to file electronically may amend its Statement of Organization by sending the FEC a letter containing the information listed above. The treasurer or assistant treasurer must sign the letter.

7. Notification of Multicandidate Committee Status

As Chapter 5 explains, a qualified *multicandidate committee* may give a *candidate* up to \$5,000 per *election* (rather than \$1,000). 110.2(b). A nonconnected committee generally qualifies as a multicandidate committee once it has:

- Received contributions from at least 51 persons;
- Been registered for at least six months; and
- Made contributions to at least five federal candidates. 100.5(e)(3).

A nonconnected committee that is *affiliated* with a committee that has met these criteria is automatically qualified to share that committee's \$5,000 per-candidate limit. AO 1990-16. See also 1993-23 and 1991-13. See below for more information on affiliation.

Before making a contribution of more than \$1,000 per candidate, per election, however, the treasurer must file FEC Form 1M, "Notification of Multicandidate Status."¹ 102.2(a)(3). The treasurer must also indicate on the Summary Page of each report filed that the committee has qualified as a multicandidate committee (see page 47).

When making contributions to candidates, a multicandidate committee must give the recipient candidate or campaign committee a written notification that it has qualified as a multicandidate committee. 110.2(a)(2). For convenience, the statement may be pre-printed on the committee's checks, letterhead or other appropriate materials.

8. Affiliation

Definition

Under FEC rules, affiliation between committees results when they are established, financed, maintained or controlled by the same persons or organization. 100.5(g)(2). See also AOs 1991-12 and 1990-16.

Why it is Important

When two or more committees are *affiliated*, they share a single limit on the contributions they make to candidates and other political committees. A single limit also applies to the aggregate contributions a person makes to committees affiliated with each other. 110.3(a)(1). (Application of the contribution limits to affiliated committees is explained on the next page.)

Circumstances Indicating Affiliation

When committees are not automatically affiliated under the conditions described above, the Commission may nevertheless conclude that two or more committees are affiliated if one committee:

- Has the authority or ability to direct or participate in the governance of another committee or its sponsoring organization through formal or informal practices or procedures;
- Has the authority or ability to hire, appoint, demote or otherwise control the officers or employees of another committee or its sponsoring organization;
- Has common or overlapping officers or employees with another committee or its sponsoring organization, indicating a formal or ongoing relationship between them;

- Has officers or employees who were officers or employees of another committee or its sponsoring organization, indicating a formal or ongoing relationship or the creation of a successor;
- Provides or arranges for the provision of funds or goods in a significant amount or on an ongoing basis to another committee (or its sponsoring organization), such as through payments for fundraising and administrative costs;
- Has an active or significant role in the formation of another committee or its sponsoring organization; or
- Makes or receives contributions in a pattern similar to that of another committee or its sponsoring organization, indicating a formal or ongoing relationship between them. 100.5(g)(4)(ii)(B)-(J) and 110.3(a)(3)(ii)(B)-(J).

9. Incorporating the Committee

When a *nonconnected committee* incorporates for liability purposes only, its contributions to political committees are not subject to the *Act's* prohibition on corporate contributions and expenditures. 114.12(a).

Regardless of incorporation, however, the treasurer remains liable for the committee's compliance with the federal campaign finance law. Liability for debts is generally governed by state law. See AOs 1995-10, 1990-11, 1989-2 and 1975-102.

¹ Committees that notified the Commission of their multicandidate status on Form 3X prior to January 1, 1994, do not have to file Form 1M.

CHAPTER 3

Committee Operations

1. Solicitation Methods

The most common methods of soliciting contributions for a nonconnected committee are described below.

Oral Solicitations

Solicitations may be made orally—in a speech, a meeting or over the phone.

Public Political Advertising

The committee may solicit contributions through *public political advertising*, such as print or broadcast advertisements, internet solicitations and *direct mail*.

When making solicitations through public political advertising, however, the committee must include an appropriate disclaimer/authorization notice, as discussed below.

Mail

The committee may make solicitations using its own mailing lists.

Fundraising Events and Items

The committee may raise money by selling fundraising items or tickets to fundraising events. The full price of a fundraising item purchased (such as a t-shirt, a ticket to a fundraising event or a chance at a raffle) counts as the purchaser's contribution, even if part of the price paid is used to defray the costs of the fundraising program. 100.7(a)(2).

2. Disclaimer Notices on Solicitations

Federal Election Purpose

In order to deposit undesignated contributions into its federal account, a committee must inform donors that their contributions will be used in connection with federal elections and/or that they are subject to the limits and prohibitions of the Act. 102.5(a)(2)(ii) and (iii).¹ The committee may satisfy this requirement by including that information in its solicitation materials.

Disclaimer/Authorization Notice

Nonconnected committee solicitations must also include a notice identifying who paid for the solicitation. 110.11(a)(1)(iv)(A). See **following page** for more information.

“Best Efforts” Rules

Nonconnected committees and their treasurers must make “best efforts” to obtain, maintain and report the name, address, occupation and employer of each contributor who gives more than \$200 in a calendar year. 102.9(d). In order to show that the committee has made “best efforts,” solicitations must specifically request that information and inform contributors that the committee is required by law to undertake best efforts to report it. 104.7(a). For details, see “Treasurer’s Best Efforts” on page 23.

IRS Notice Requirements

Section 6113 of the Internal Revenue Code requires political committees whose gross annual receipts normally exceed \$100,000 to include a special notice on solicitations informing solicitees that their contributions are not tax deductible. There are substantial penalties for failure to comply with this provision. Contact the IRS for more information (see page 71 for the address and phone numbers).

3. Transmittal and Deposit of Funds

Forwarding Contributions

A person who collects contributions on behalf of a nonconnected committee must not commingle them with *personal funds*. 102.15. Instead, he or she must forward the contributions, together with the appropriate recordkeeping information about the contributors (see Chapter 7), to the committee treasurer within the following time periods:

- **Contributions of \$50 or less**—within 30 days after receiving the funds.
- **Contributions of more than \$50**—within 10 days after receiving the funds. 102.8(b).

Depositing Funds

All contributions, regardless of amount, must be deposited in a *bank* account within 10 days of the treasurer’s receipt. 103.3(a).

4. Affiliation and Contribution Limits

Two or more *affiliated* committees are treated as a single committee for the purposes of the contribution limits. This means that all *contributions* made or received by affiliated committees count against the same limits. 110.3(a)(1).

Affiliation and Multicandidate Status

If a political committee has *multicandidate committee* status, then all of its affiliated committees share that status. Moreover, two or more affiliated committees may collectively satisfy the requirements for *multicandidate committee* status. AOs 1993-23, 1991-13, 1990-16, 1986-42 and 1980-40.

¹ In recent enforcement actions and advisory opinions, the Commission has permitted committees to deposit into their federal accounts contributions that satisfy any one of the criteria set forth at 102.5(a)(2)(i), (ii) and (iii). See, for example, AO 2000-25.

Monitoring Limits

To facilitate reporting and to avoid exceeding contribution limits, affiliated committees should set up a centralized recordkeeping system to ensure that contributions made and received by all the affiliates comply with the limits. The treasurer of each affiliate is personally responsible for monitoring contribution limits. 103.3(b).

5. Handling Illegal Contributions

Depositing Questionable Contributions

If a committee receives a contribution that appears to be excessive or prohibited, the committee may have to refund it to the donor.

Within 10 days, the treasurer must either return the questionable check to the donor or deposit it. 103.3(a). Once the contribution is deposited, the treasurer must:

- Avoid spending the questionable funds by keeping enough money in the committee's account to cover all potential refunds.
- Keep a written record explaining why the contribution may be illegal and include this explanation on its report if the contribution has to be itemized before its legality is established.
- If a check appears to exceed a contributor's annual limit, seek a reattribution of the excessive portion, following the instructions below, or return it.
- If a check appears to come from a prohibited source, confirm its legality, as explained below, or return it. 103.3(b)(4) and (5).

Excessive Contributions: Reattributions

In order to correct an excessive contribution, a treasurer may seek a reattribution of the excessive portion to another contributor, according to the steps described below. 110.1(k)(3).

Request Reattribution

When requesting a reattribution, the treasurer asks the contributor:

- Whether the contribution was intended to be a joint contribution from more than one person; or, alternatively,
- Whether the amounts attributed to participants in a joint contribution should be adjusted. (The amount is split equally between the donors unless they indicate a different division in writing.)

In either case, the treasurer must inform the contributor that he or she may instead request a refund of the excessive portion. The treasurer should also inform donors that a reattribution must be signed by each participating contributor. 110.1(k)(3)(ii)(A).

Receive Reattribution or Make Refund

A contribution is properly reattributed if the treasurer receives a statement signed by all contributors indicating the amount attributable to each donor. 110.1(k)(2) and (3)(ii)(B). The treasurer must obtain the proper reattribution or refund the excessive portion within 60 days of the receipt of the original contribution. 103.3(b).

Retain Records and Report

A committee must retain copies of reattributions for three years. 102.9(c) and (f); 110.1(l)(3) and (5). Rules for reporting reattributions are explained on page 33.

EXAMPLE: A committee receives a \$6,000 check that is drawn on a joint account but signed by only one account holder. The treasurer deposits the contribution and seeks a reattribution by asking the account holders whether they intended the contribution to be a joint one, partially attributable to the second account holder, or whether the treasurer should refund the excessive \$1,000. Within 60 days of receiving the original contribution, the treasurer receives a statement, signed by both contributors, reattributing \$1,000 to the second account holder. The committee may now keep the full \$6,000.

Prohibited Contributions

Questionable Source

If a committee treasurer deposits a contribution that appears to come from a prohibited source, he or she has 30 days to:

- Confirm the legality of the contribution; or
- Refund the contribution. 103.3(b)(1).

As evidence of legality, the treasurer should obtain a written statement from the contributor explaining why the contribution is legal. Alternatively, the treasurer may obtain an oral explanation by telephone and keep a record of the conversation. 103.3(b)(1).

Late Discovery of Prohibited Contribution

If the treasurer discovers that a previously deposited contribution came from a prohibited source, he or she must refund the contribution within 30 days of making the discovery. This situation might arise, for example, if the treasurer learned that a past contribution was made by a foreign national. 110.4(a).

If the committee does not have sufficient funds to refund the contribution to the donor when the illegality is discovered, the treasurer must use the committee's next receipts. 103.3(b)(2).

6. Disclaimer Notices on Advertisements

A *public political advertisement* purchased by a nonconnected committee must contain a disclaimer notice identifying who authorized and paid for it, under the following circumstances:

- **Express Advocacy:** The advertisement *expressly advocates* the election or defeat of a *clearly identified candidate*; or
- **Fundraising:** The advertisement solicits contributions. 110.11(a)(1).

What Is Public Political Advertising

A public political advertisement is an advertisement distributed through such advertising media as:

- TV or radio broadcasting;²
- Print media (newspapers, magazines, handbills, etc.);
- Posters, billboards, yard signs and other outdoor advertising facilities;
- The Internet (AOs 1999-37, 1995-35 and 1995-9); and
- *Direct mailings*. 110.11(a)(1).

For purposes of the disclaimer requirement, direct mailing means a mailing of over one hundred (100) pieces of substantially similar pieces of mail. 110.11(a)(3). “Substantially similar” means that each piece contains the same basic communication. Each piece may, however, be personalized to include the recipient’s name, address and similar variables. (Explanation and Justification to 11 CFR 110.11(a)(3), published in the *Federal Register* on October 5, 1995 (60 FR 52070).)

Wording of Disclaimer

A disclaimer notice must contain the full name of the committee, along with any abbreviated name used to identify the committee. 102.14(c). The actual wording of the notice will vary, depending on whether the advertisement is authorized by a *candidate* or *candidate’s committee*.

Advertisement Authorized by Candidate

If a candidate or candidate’s campaign authorizes an advertisement purchased by the committee, the disclaimer notice must identify the committee that paid for the communication along with the campaign or candidate who authorized the advertisement. 110.11(a)(1)(ii).

EXAMPLE: “Paid for by the Concerned Citizens PAC and Authorized by the John Doe for Congress Committee.”

Authorized by Multiple Candidates

If an advertisement lists several candidates, the disclaimer may state that the advertisement was authorized by the candidates identified in the ad or, if only some candidates have authorized it, by those candidates identified with an asterisk.

EXAMPLE: “Paid for by the Civil Republic PAC and Authorized by the candidates marked with an asterisk.” AO 1994-13.

Advertisement Not Authorized by Candidate

If an advertisement contains express advocacy but is not authorized by any candidate or candidate’s campaign, the notice must identify the committee that paid for the communication and state that it was not authorized by any candidate or candidate’s committee. 110.11(a)(1)(iii).

EXAMPLE: “Paid for by the Healthy Community PAC and Not Authorized by Any Candidate or Candidate’s Committee.”

Fundraising for Candidate

If a political committee solicits contributions for a clearly identified candidate, the notice must identify the committee that paid for the communication and indicate whether or not the communication was authorized by the specific candidate or his or her campaign. 110.11(a)(1)(i).

EXAMPLE: “Paid for by the Concerned Citizens PAC and Authorized by the John Doe for Congress Committee.”

Fundraising for Nonconnected Committees

If a political committee solicits contributions for itself but does not advocate the election or defeat of any particular candidate, the communication need only include a notice stating that it is paid for by the committee. 110.11(a)(1)(iv)(A).

EXAMPLE: “Paid for by the Citizen’s PAC.”

Placement of the Disclaimer

The disclaimer notice must be clearly and conspicuously displayed. A disclaimer is not clearly and conspicuously displayed if the print is difficult to read or if the placement is easily overlooked. 110.11(a)(5).

Television Ad

A disclaimer in a televised advertisement must appear in letters no smaller than 4 percent of the vertical picture height. The disclaimer must be aired for at least 4 seconds. 110.11(a)(5)(iii).³

Multiple-Paged Document

A disclaimer, while required, need not appear on the front page or cover of a multiple-paged document. 110.11(a)(5)(i).

Package of Materials

Each communication that would require a disclaimer if distributed separately must still display the disclaimer when included in a package of materials. 110.11(a)(5)(ii). For example, if a campaign poster is mailed with a solicitation for contributions, a separate disclaimer must appear on the solicitation and on the poster.

Items Not Requiring Disclaimer

A disclaimer is not required:

- When it cannot be conveniently printed (e.g., on pens, bumper stickers, campaign pins, campaign buttons and similar small items);
- When its display is not practicable (e.g., on wearing apparel, on water towers and in skywriting); or
- When the item is of minimal value, does not contain a political message and is used for administrative purposes (e.g., checks and receipts). 110.11(a)(6).

7. Use of Candidate’s Name

As explained on page 4, a *nonconnected committee* may not use the name of a *candidate* in its own name. 102.14(a). FEC rules also prohibit a nonconnected committee from using a candidate’s name in the name of a special project, such as a fundraising or advertising project, unless the name clearly shows opposition to the identified candidate. 102.14(b)(3).

For example, if the Fund for a Better Government supported Candidate Jones, it could not, when soliciting contributions, identify the particular fundraising effort as “Citizens for Jones,” even if the committee also included a disclaimer identifying itself by its real name. However, if the committee opposed Jones, it could name a fundraising project “Defeat Jones in ‘04,” or something similar.

² If broadcasting is used, the committee should consult the Communications Act and the regulations and policies of the Federal Communications Commission. 47 CFR 73.1212.

³ This requirement is based on a regulation of the Federal Communications Commission (47 CFR 73.1212(a)(2)(iii)).

CHAPTER 4

Contributions and Other Sources of Funds

1. Types of Contributions

A *contribution* is anything of value given to influence a federal *election*. 100.7(a)(1). The most common types of contributions are:

- Gifts of money;
- Gifts of goods and services (in-kind contributions); and
- Loans and guarantees or endorsements of loans.

A contribution of more than \$100 must be made by check (or other written instrument). 110.4(c).

In-Kind Contributions

Definition

In-kind contributions include:

- Goods and services offered free of charge.
- Goods and services offered at less than the usual and normal charge. (Discounts are not contributions, however, if they are offered in the ordinary course of business to both political and nonpolitical clients. AOs 1989-14, 1987-24, 1986-22 and 1985-28; see also 116.3.)
- Payments by a third party for goods and services rendered to a candidate or political committee.
- Advances of personal funds. (See below.) 100.7(a)(1)(iii)(A) and (3).

Value

The dollar value of an in-kind contribution is subject to limits and must be reported. The value of a particular in-kind gift is determined as follows:

- Goods (such as equipment, supplies, facilities and mailing lists) are valued at their normal purchase or rental price.
- Services (such as advertising, printing or consulting) are valued at the prevail-

ing commercial rate at the time the services are rendered (i.e., the amount that was paid or would have been paid for the services).

- Discounts are valued at the amount discounted (i.e., the difference between the usual or normal charge and the amount paid by the committee). 100.7(a)(1)(iii).

Advances of Personal Funds

When an individual uses his or her personal funds (or personal credit) to pay for a committee expense, that payment is generally an in-kind contribution from that individual, until he or she is later reimbursed by the committee. 100.7(a)(1) and 116.5(b). For example, an in-kind contribution results if a committee staff member or volunteer pays for postage, office supplies or campaign materials with his or her personal funds.

Special reporting rules apply when individuals pay for committee expenses and later receive reimbursement from the committee. See page 31.

Proceeds from Fundraisers and Sales

The entire amount paid to attend a political fundraiser or to purchase a fundraising item from a committee is a contribution. 100.7(a)(2). The amount of the contribution is not affected if a portion of the money was used to defray the expenses of the fundraising program.

Loans

A loan to a candidate or political committee is a contribution to the extent that it remains outstanding. 100.7(a)(1)(i)(B).

Repayments made on a loan reduce the amount charged against the lender's contribution limit. However, a loan that exceeds the lender's or endorser's personal limit is unlawful even if repaid in full.

Loans from banks are not contributions if they are made under certain conditions. See page 14.

Endorsements and Guarantees of Loans

An endorsement or guarantee of a loan is a contribution. 100.7(a)(1)(i)(C). The amount guaranteed counts against the endorser's or the guarantor's limit only to the extent that the loan remains outstanding. Repayments on the loan proportionally reduce the amount charged against the endorser's contribution limit.

If a loan has more than one guarantor, and if the loan agreement does not stipulate the portion of the loan for which each guarantor is liable, then the contribution of each guarantor is determined by dividing the amount of the loan by the number of guarantors. 100.7(a)(1)(i)(C).

Credit Cards

Individuals may contribute to a PAC using credit cards. See, for example, AO 1990-4. Treasurers should note the recordkeeping requirements that apply to credit cards receipts on page 23.

2. Limits On Contributions Received by the Committee

\$5,000 Limit

A committee may receive up to \$5,000 per calendar year from any contributor. 110.1(d).

Candidate Limit May Apply

A contribution received by a nonconnected committee will count against the contributor's per-candidate, per-election limits if:

- The recipient committee is an *unauthorized single-candidate committee* (i.e., a nonconnected committee that is registered with the FEC as supporting only one specific candidate);
- The contributor knows that a substantial portion of his or her contribution will be given to or spent on behalf of a particular candidate; or
- The contributor retains control over the funds after making the contribution (for example, the contributor could later direct the contributed amount to a particular candidate). 110.1(h); 110.2(h).

Contributions from Spouses

A husband and wife each have separate \$5,000 limits, even if only one spouse has an income. 110.1(i)(1). A couple may make a joint contribution (part of which would be attributed to each), as explained below.

Joint Contributions

A joint contribution is a contribution that is made by more than one person using a single check or other written instrument. A joint contribution represents the personal funds of each donor, so each donor must sign either the check or an accompanying statement. 110.1(k)(1).

For the purposes of the contribution limits, a joint contribution is attributed equally to each donor, unless an accompanying statement indicates that the funds should be divided differently. 110.1(k)(2).

A committee may seek a reattribution of an excessive contribution. See page 10 for more information.

Contributions from Partnerships

Partnerships are permitted to make contributions according to special rules. 110.1(e) and (k)(1). For further details, see Appendix C.

Contributions from Limited Liability Companies

For purposes of contribution limitations and prohibitions, a limited liability company (LLC) is treated as either a corporation or a partnership.

An LLC is considered a corporation if:

- It has chosen to file, under Internal Revenue Service (IRS) rules, as a corporation; or
- It has publicly traded shares. 110.1(g)(3).

An LLC is considered a partnership if:

- It has chosen to file, under IRS rules, as a partnership; or
- It has made no choice, under IRS rules, as to whether it is a corporation or partnership. 110.1(g)(2).

If an LLC is considered a corporation, it is prohibited from making contributions to candidate committees, although it is permitted to establish an SSF.¹ If it is considered a partnership, it is subject to the contribution limits for partnerships outlined in Appendix C. 110.1(g).

Single Member LLC

If a single member LLC does not elect corporate tax treatment, it may make contributions; the contributions will be attributed to the single member, not the LLC. 110.1(g)(4).

Notifying Recipient Committee

An LLC must, at the time it makes a contribution, notify the recipient committee:

- That it is eligible to make the contribution; and
- How the contribution should be attributed among members.

This requirement will prevent the recipient committee from inadvertently accepting an illegal contribution. 110.1(g)(5).

Cash Contributions and Anonymous Contributions

Contributions in cash are limited to \$100. 110.4(c)(1). Anonymous contributions are limited to \$50. 110.4(c)(3).

Earmarked Contributions

Special rules apply to earmarked contributions. See page 69.

3. Prohibited Contributions

Corporations and Labor Organizations

The Federal Election Campaign Act prohibits corporations and labor organizations from making contributions and expenditures in connection with federal elections. 114.1(a)(1). This prohibition applies to all types of incorporated organizations, except political committees that incorporate for liability purposes. 114.12(a).

The transactions described below result in prohibited corporate or labor contributions and therefore must be avoided.

Gifts from General Treasury Funds

Corporations and labor organizations may not use their general treasury funds to make contributions to political committees or candidates.

In addition, national banks and federally chartered corporations may not make contributions in connection with any U.S. election—federal, state or local.² 114.2(a) and (b).

A narrow exception to the general rule prohibiting the use of treasury funds to make expenditures has been drawn for certain types of corporations. For more information, see the *Campaign Guide for Corporations and Labor Organizations*, page 32 (“Independent Expenditures by Qualified Non-Profit Corporations”).

Reimbursements of Contributions

A corporation or labor organization may not reimburse individuals who make contributions to a political committee.

114.2(b) and 110.4(b). See also AO 1986-41.

Extensions of Credit

A corporate vendor may not extend credit to a political committee for a longer period of time than is normally practiced in the creditor's trade. (Credit is permissible only if it is extended in the ordinary course of business.)

When a political committee fails to pay a debt owed to a corporate vendor within the time specified by the vendor, a prohibited contribution by the vendor may result if:

- The vendor fails to make a commercially reasonable attempt to collect a debt from the committee; or
- The terms of the credit were not substantially similar to similar extensions of credit by the vendor to nonpolitical clients. 100.7(a)(4) and 116.3(b).

Any settlement of a debt between a creditor and a political committee for less than the full amount owed must comply with the debt settlement procedures prescribed by FEC rules. See page 58.

Discounts

If a corporation or labor organization sells goods or services to a political committee at a price below the usual or normal charge, a prohibited contribution

¹ For further information on the establishment of separate segregated funds, see the *Campaign Guide for Corporations and Labor Organizations*.

² The prohibition does not apply to referendum-related activities. See *First National Bank of Boston v. Bellotti*, 435 U.S. 765 (1978).

results in the amount of the discount. 100.7(a)(1)(iii)(A). A reduced price is not considered a prohibited discount, however, if it is offered by the vendor in the ordinary course of business and at the same amount charged to nonpolitical clients. See, e.g., AO 1989-14.

Compensation for Services

If a corporation or labor organization pays for services rendered to a nonconnected committee, a prohibited contribution results. 100.7(a)(3). There is an exception, however, for legal and accounting services. See “Free Legal and Accounting Services” on **opposite page**.

Federal Government Contractors

Committees and candidates may not accept contributions from *federal government contractors*. 115.2. The prohibition applies to contributions from:

- A partnership with a government contract;
- The personal or business funds of an individual under contract with the federal government; and
- Sole proprietors with government contracts.

Foreign Nationals

Foreign nationals are prohibited from making contributions or expenditures in connection with any election—federal, state or local. 110.4(a). Thus, a nonconnected committee may not accept a contribution from a foreign national.

Definition of Foreign National

A foreign national is:

- An individual who is (1) not a citizen of the United States and (2) not lawfully admitted for permanent residence; or
- A foreign principal, as defined in 22 U.S.C. §611(b). Section 611 defines a foreign principal as a group organized under the laws of a foreign country or having its principal place of business in a foreign country. The statute specifically mentions foreign governments, political parties, partnerships, associations and corporations.³

Immigrants

An immigrant is eligible to make a contribution if the immigrant has a “green card” indicating that he or she has been lawfully admitted for permanent residence.

³ *Corporations and labor organizations that qualify as foreign principals are prohibited from making contributions in connection with state and local elections in states where corporate and labor contributions would otherwise be permitted. 110.4(a)(4).*

Domestic Subsidiaries of Foreign Corporations

In advisory opinions, the Commission has said that a *political committee* may accept contributions from the *separate segregated fund* of a United States corporation that is a subsidiary of a foreign corporation as long as:

- The foreign parent does not finance these activities through the subsidiary AOs 1992-16 and 1989-20;
- No foreign national (including the foreign parent) participates in the operations or administration of the committee (such as the appointment of officers) or in any decisions to make contributions or expenditures in connection with any federal or nonfederal election 110.4(a)(3) and AOs 2000-17, 1992-16 and 1990-8; and
- Neither the subsidiary nor the committee accepts contributions from foreign nationals. 110.4(a)(2).

Contributions in the Name of Another

Contributions by one person in the name of another person are prohibited. This means that no one may make or help someone to make a contribution in the name of another. It is also prohibited to knowingly accept a contribution in the name of another. 110.4(b).

4. Bank Loans

Unlike other loans, loans to nonconnected committees from *banks* are not considered *contributions*, provided that they satisfy the conditions set forth below. If a loan fails to meet any of these conditions, then a prohibited contribution from the lending institution results.

Conditions

A committee may obtain a loan from a bank (including a line of credit), provided that the loan:

- Bears the bank’s usual and customary interest rate for the category of loan involved;
- Is evidenced by a written instrument;
- Is subject to a due date or amortization schedule; and
- Is made on a basis which assures repayment (see below). 100.7(b)(11).

Methods of Assuring Repayment

A loan is made on a basis which assures repayment if it is obtained using one or more of the following authorized methods of securing the loan:

Traditional Methods

A committee may use one of the following traditional methods of securing the loan, or a combination of the two:

Collateral. A loan may be secured using assets of the committee, such as real estate, personal property, negotiable instruments and stocks, among other things. The fair market value of the assets pledged must, on the date of the loan, equal or exceed the amount of the loan and any senior liens. 100.7(b)(11)(i)(A)(1).

The committee must ensure that the bank has established a “perfected security interest” in the collateral (that is, taken steps to legally protect its interest in the collateral in the event that the committee defaults on the loan). 100.7(b)(11)(i)(A)(1).

Guarantees or Endorsements. An endorsement or guarantee of a bank loan is considered a contribution by the endorser or guarantor and is thus subject to the law’s prohibitions and limits on contributions. 100.7(b)(11)(i)(A)(2).

Pledge of Future Receipts

If the committee pledges its future receipts as security for the loan, then the amount loaned by the bank may not exceed a reasonable estimate of anticipated receipts, based on documentation provided by the committee (such as cash flow charts or fundraising plans). 100.7(b)(11)(i)(B)(1) and (2). Future receipts might include, for example, anticipated contributions or interest income.

The committee must also set up a separate account for the receipt of funds pledged for the repayment of the loan. The account may be established with either the lending institution or a different depository. If the account is established at a depository other than the lending institution, then the committee must execute an assignment of the account’s funds to the lending institution and notify the depository of the assignment. The loan agreement must require the committee to deposit the pledged funds into the account established for this purpose. 100.7(b)(11)(i)(B)(3) and (4).

Other Methods of Assuring Repayment

The Commission may, on a case-by-case basis, approve methods of assuring repayment other than those described above. 100.7(b)(11)(ii). A committee should request an *advisory opinion* from the Commission before entering into an alternative repayment agreement.

5. Interest and Dividends

A nonconnected committee may raise money by earning interest and dividends on invested funds. For example, a committee may invest contributions it has received in a savings account, a money market fund or a certificate of deposit. Interest and dividends are not contributions (and are therefore not subject to limits) but they must be reported.

Investments at Banks

Any *bank* where the committee deposits funds must be listed on Line 9 of the committee's Statement of Organization (Form 1). See page 6.

Other Investments

Committee investments that are not held by banks (such as stocks, bonds, etc.) do not require an amendment to the Statement of Organization. Before disbursing the funds earned from such investments, the committee must first transfer them to a checking account maintained at one of the committee's campaign depositories. 102.10 and 103.3(a). See also AOs 1986-18 and 1980-39.

Committee Must Pay Taxes

A nonconnected committee generally must pay taxes on interest and dividend income. Contact the Internal Revenue Service and state tax collection agencies for more information. See page 71.

6. Other Receipts

Transfers from Affiliated Committees

A committee may receive unlimited transfers of *permissible funds* from other *affiliated committees*. 110.3(c)(1) and 102.6(a)(1)(i).

Overdrafts

If a bank honors a check written by a political committee with insufficient funds in its checking or savings account, no contribution from the bank results as long as the overdraft:

- Is made on an account subject to automatic overdraft protection;
- Is subject to a definite interest rate which is the usual and customary rate; and
- Is subject to a definite repayment schedule. 100.7(b)(11).

An overdraft that does not meet the above conditions is a prohibited contribution. 114.2. Note that if the overdraft protection is based on a line of credit extended by the bank, draws on that line of credit must be disclosed on Schedule C-1, as discussed above.

Offsets to Operating Expenditures

Offsets to operating expenditures, such as returns by vendors of deposits, re-funds and rebates, are not considered contributions. Note, however, that rebates to campaigns must be offered in the ordinary course of business and on the same terms and conditions as those offered to nonpolitical entities. Otherwise, the rebate may be considered a contribution—a prohibited contribution if a corporation pays the rebate. See, for example, AOs 1987-24 and 1986-22.

Loan Repayments

Loan repayments are not contributions. However, a borrower must use federally permissible funds when repaying a loan to the committee. 100.7(a)(1)(i)(E).

Free Legal and Accounting Services

The value of legal and accounting services provided to the committee solely to ensure compliance with the *Act* is not a contribution if the regular employer of the individual performing the services is the one who is paying for the services. 100.7(b)(14). The value of the services, however, must be reported as a *memo entry* on Schedule A. 104.3(h). See page 63.

CHAPTER 5

Contributions to Candidates

All contributions to federal *candidates* are subject to the following limits:

- \$5,000 per candidate, per *election*, from a committee that qualifies as a *multicandidate committee*.
- \$1,000 per candidate, per election, from any other PAC.

1. Types of Contributions

Gifts of Money

Monetary contributions exceeding \$100 must be made by check or other written instrument drawn on the committee's account. 102.10 and 103.3(a).

In-Kind Contributions

In addition to contributing money, a committee may donate goods or services to candidates and their committees. Gifts of goods or services are called *in-kind contributions*. For example, a committee makes an in-kind contribution when it:

- Pays for consulting, polling or printing services provided to a *candidate committee*;
- Donates office supplies or mailing lists to a campaign;
- Sponsors a fundraising event benefiting a candidate; or
- Pays for a campaign advertisement on behalf of a candidate (if the advertisement does not qualify as an *independent expenditure*). 100.7(a)(1)(iii) and 100.23.

See page 12 for information on how to determine the value of an in-kind contribution.

Allocation Among Candidates¹

If a committee supports more than one federal candidate through an in-kind contribution, the contribution must be allocated among the candidates so that a

portion of it counts toward the committee's limit for each candidate. The value attributed to each candidate must be in proportion to the relative benefit each candidate is expected to receive.

EXAMPLE: A committee sponsors a fundraising dance on behalf of several candidates. The portion of the costs attributed as a contribution to each candidate must be based on the ratio of funds received for each candidate to the total funds received for all the candidates. 104.10; 106.1(a) and (b).

Opinion Polls

Special FEC regulations pertain to the allocation of contributions of opinion poll results. See 106.4.

Earmarked Contributions

A committee may act as a conduit for an *earmarked contribution*, i.e., a contribution that the individual contributor directs to be given to or spent on behalf of a *clearly identified candidate* or candidate's committee. The direction may be made orally or in writing. 110.6(a). An earmarked contribution does not count against the committee's own contribution limits unless the committee exercises direction or control over the contributor's choice of the recipient candidate. 110.6(d). For more information on earmarked contributions, see Appendix D.

Purchase of Fundraising Items and Tickets

A committee may purchase tickets to a fundraising event held by a candidate's committee, or it may purchase items sold for fundraising purposes by the committee. The entire amount paid for a ticket or item is considered a contribution. 100.7(a)(2).

Loans and Loan Endorsements

A committee may loan money to a candidate's committee, or it may endorse or guarantee a bank loan to the committee. The loan or the amount endorsed or guaranteed counts as a contribution to the extent that the loan remains outstanding. 100.7(a)(1)(i).

EXAMPLE: A *multicandidate committee* guarantees half the value of a \$10,000 loan from a bank to a candidate's committee, thereby making a \$5,000 contribution to the candidate toward the next election. The candidate's committee makes monthly repayments on the loan in amounts of \$1,000. Those payments reduce the committee's contribution by \$500 each month (i.e., half the repayment). As the outstanding balance is reduced, the committee may make new contributions to the candidate for the same election, as long as the overall \$5,000 limit is not exceeded.

Supporting Nonfederal Candidates

A nonconnected committee may use money raised for federal elections to make contributions to nonfederal candidates. Donations to nonfederal candidates are subject to state and local laws, however, not the Act. The committee must still disclose such contributions (as "Other Disbursements") in its FEC reports. Committees active in both federal and nonfederal elections should also consult Chapter 10.

2. Limits on Contributions Made to Candidates

The limit on contributions from a committee to a *candidate* or candidate's committee depends on whether the committee qualifies as a *multicandidate committee*.

Contributions by Multicandidate Committee

A committee that has met the qualifications for multicandidate committee status (see below) may contribute up to \$5,000 per candidate, per *election*. 110.2(b).

Qualification Criteria

To qualify as a multicandidate committee, a nonconnected committee must:

- Receive contributions from at least 51 persons;
- Be registered at least six months; and
- Contribute to at least five federal candidates. 100.5(e)(3).

¹ See Chapter 10 for information about allocating expenses when supporting both federal and nonfederal candidates.

As to the third qualification, there is no minimum amount that must be contributed to each of the five candidates; the five qualifying contributions may be made over more than one election cycle.

Qualification by Affiliation

A nonconnected committee that is *affiliated* with a multicandidate committee automatically shares that committee's \$5,000 per-candidate limit. AOs 1983-19 and 1980-40.

Notification to FEC

Once a committee qualifies as a multicandidate committee, however, it must file Form 1M before making a contribution that exceeds \$1,000 per candidate, per election. 102.2(a)(3). See page 7. Each affiliated committee must file its own Form 1M.

Written Notice to Recipient Candidates

When making any contribution to a candidate, a qualified multicandidate committee must provide a written notification to the recipient candidate or campaign committee that the committee has qualified as a multicandidate committee. 110.2(a)(2). For convenience the committee may pre-print the statement on its checks, letterhead or other appropriate materials.

Contributions by Non-Multicandidate Committees

A committee that does not qualify as a multicandidate committee may contribute up to \$1,000 per candidate, per election. 110.1(b)(1).

How the Candidate Limits Work

House and Senate Candidates

The limits on contributions to House and Senate candidates apply separately to each election in which a candidate participates. In House and Senate races, each primary election, general election and runoff is considered a separate election with a separate limit. A *special election*—which may be a primary, general or runoff—also counts as a separate election for the purposes of the contribution limits. 100.2; 110.1(j)(1); 110.2(i)(1).

Party Caucus or Convention

A party caucus or convention constitutes a separate election only if it has the authority under state law to select a nominee for federal office. Otherwise, there is no separate limit for a caucus or convention; it is considered part of the primary election. 100.2(c)(1) and (e); AOs 1992-25, 1986-21 and 1986-17.

Candidates Not Running in an Election

A candidate is entitled to receive contributions for a particular election only if he or she seeks office in that election. Thus, a candidate who loses the primary (or otherwise does not participate in the general election) does not have a separate limit for the general. 102.9(e); 110.1(b)(3)(i); 110.2(b)(3)(i).

Unopposed Candidates

A candidate has a separate contribution limit for an election in which he or she is running even if:

- The candidate is unopposed;
- A primary or general election for a particular office is not held because the candidate is unopposed; or
- The general election is not held because the candidate received a majority of votes in the previous election. (The date on which the election would have been held is considered the date of the election.) 110.1(j)(2) and (3); 110.2(i)(2) and (3).

Presidential Elections

All Presidential primary elections held during an election year are considered one election for the purposes of the contribution limits for individual candidates. 110.1(j)(1); 110.2(i)(1). A multicandidate committee, therefore, may give only \$5,000 to a Presidential candidate's primary campaign, regardless of how many separate state Presidential primaries the candidate participates in. In the general election, contributions to major party (Republican and Democratic) Presidential campaigns are not permitted if the candidates receive public funds. (An exception: committees may contribute to a publicly funded Presidential nominee's "compliance fund." A compliance fund is used solely for legal and accounting expenses incurred in complying with the election law. Gifts to compliance funds are considered contributions and are subject to usual per-candidate, per-election limits. 9003.3(a).)

3. Designation

Designated Contributions

The Commission encourages committees, when contributing to candidates, to designate their contributions in writing for a particular election (for example, primary or general). The designation may be made either on the contribution check or in a signed statement accompanying the contribution. Only the contributor—not the recipient candidate committee—may designate a contribution for a particular election. 110.1(b)(2)(i) and (b)(4); 110.2(b)(2)(i) and (b)(4).

Undesignated Contributions

An undesignated contribution automatically counts against the limits for the next scheduled election. 110.1(b)(2)(ii). Therefore, if a committee wishes to make a contribution for any election other than the next one, the contribution must be designated in writing, as explained below.

When Designation Is Required

Future Elections

A written designation is required when a committee wants a contribution to apply toward a future election other than the next one. For example, a committee may make a contribution to a candidate's general election campaign before the primary election has taken place, but the committee's check (or an accompanying statement) must say "General" in order to count toward the general election limit.

Past Elections (Debt Retirement)

When making a contribution to retire a candidate's debts from a past election campaign, a committee must designate the contribution for the appropriate election. The committee must also be certain that the contribution, when aggregated with other contributions from the committee for that same election, does not exceed the committee's per-election limit.

The candidate committee may accept the contribution only if the campaign has *net debts outstanding* from the designated election on the day it receives the contribution. 110.1(b)(3)(i) and (iii); 110.2(b)(3)(i) and (ii).

Effect of Date Made

Designated Contributions

A candidate may always accept a designated contribution if it is made before the designated election, regardless of whether the candidate has outstanding debts from that election. However, a designated contribution is subject to the net debts outstanding rule, described above, if it is made after the election for which it is designated. 110.1(b)(3)(i) and (iii); 110.2(b)(3)(i) and (ii).

Undesignated Contributions

A committee may make an undesignated contribution on or before the day of the election regardless of whether the candidate has debts, even if the candidate does not receive the check until after the election has passed. See “Determining the Date Made” below. An undesignated contribution made after the election has passed, however, must be applied to the donor’s limit for the next election. 110.1(b)(2)(ii); 110.2(b)(2)(ii).

For the purposes of the per-election limits, then, it is important to distinguish the date a contribution is made from the date it is received by a candidate.

Determining the Date Made

The date a contribution is made is the date when the committee relinquishes control of the funds. In practice this means that:

- An *in-kind contribution* is made on the date that the goods or services are provided to the recipient committee.
- A mailed contribution is made on the date of the postmark.
- A hand-delivered contribution is considered made on the date it is delivered to the campaign committee or to an agent of the campaign (such as the candidate). 110.1(b)(6); 110.2(b)(6).

Redesignation

A candidate committee may ask a committee to redesignate a contribution (or a portion of it) for a different election. Redesignation permits the donor to remedy an excessive contribution so that the excessive portion counts against a different election limit. 110.1(b)(5).

A committee may comply with a request for redesignation by returning a

signed statement redesignating the contribution. The candidate committee must receive the redesignation within 60 days of its receipt of the original contribution. Otherwise, the candidate must refund the excessive portion to the committee.

The committee may always request a refund from the candidate instead of providing the redesignation. 103.3(b)(3); 110.1(b)(5)(ii); 110.2(b)(5)(ii).

4. Contributions Made to Party Committees and PACs

In addition to contributing directly to candidate committees, a committee may support other committees that contribute to candidates, such as *party committees* and other PACs. A contribution to another political committee may take any of the forms described in Section 1.

Contributions to party committees and PACs are subject to calendar-year limits.

Contributions to National Party Committees

A committee that qualifies as a multicandidate committee may give up to \$15,000 per year to a national party committee. If a committee is not a multicandidate committee, it may give up to \$20,000 per year to a national party committee.

The Republican and Democratic parties each have three national party committees subject to these limits. Thus, there is a separate \$15,000 or \$20,000 limit for each national committee, House campaign committee and Senate campaign committee. 110.1(c) and 110.2(c).

Contributions to Delegates and Delegate Committees

A committee may make unlimited contributions to a *delegate* (or an individual seeking to become a delegate) attending a national party convention or a state, district or local convention held to select delegates to a national convention, as

long as the individual is not a member of a *delegate committee*. Contributions by the committee to a delegate committee are limited to \$5,000 per calendar year. 110.1(m), 110.2(j), 110.14(d)(1) and (g).

Contributions to Other Political Committees

Any nonconnected committee, regardless of whether it has qualified as a multicandidate committee, may make contributions of up to \$5,000 per year to any other type of political committee. 110.1(d) and 110.2(d).

Candidate Limits May Apply

A contribution to a committee that is not a candidate’s *authorized committee* may nevertheless count against the contributor’s limit with respect to that candidate if:

- The recipient committee is an *unauthorized single-candidate committee* (i.e., a political committee that supports only one candidate);
- The contributor knows that a substantial portion of its contribution will be given to or spent on behalf of a particular candidate; or
- The contributor retains control over the contribution. 110.1(h); 110.2(h).

CONTRIBUTION LIMITS

Donors	Recipients					Special Limits
	Candidate Committee	Nonconnected PAC ¹	Local Party Committee ²	State Party Committee ²	National Party Committee ³	
Individual	\$1,000 per election ⁴	\$5,000 per year	\$5,000 per year combined limit		\$20,000 per year	\$25,000 per year overall limit ⁵
Local Party Committee²	\$5,000 per election combined limit	\$5,000 per year combined limit	unlimited transfers to other party committees			
State Party Committee² (Multicandidate)⁶			unlimited transfers to other party committees			
National Party Committee³ (Multicandidate)⁶	\$5,000 per election	\$5,000 per year	unlimited transfers to other party committees			\$17,500 to Senate candidate per campaign ⁷
Nonconnected PAC¹ (Multicandidate)⁶	\$5,000 per election	\$5,000 per year	\$5,000 per year combined limit		\$15,000 per year	
Nonconnected PAC¹ (Not Multicandidate)⁶	\$1,000 per election	\$5,000 per year	\$5,000 per year combined limit		\$20,000 per year	

1. These limits also apply to separate segregated funds. Affiliated committees share the same set of limits on contributions received and made.
2. A state party committee shares its limits with local party committees in that state unless a local committee's independence can be demonstrated.
3. A party's national committee, Senate campaign committee and House campaign committee are each considered national party committees, and each have separate limits, except with respect to Senate candidates. See Special Limits column.
4. Each of the following is considered a separate election with a separate limit: primary election, caucus or convention with authority to nominate, general election and special election.
5. A contribution to a party committee or an nonconnected committee counts against the annual limit for the year in which the contribution is made. A contribution to a candidate counts against the limit for the year of the election for which the contribution is made.
6. A multicandidate committee is a political committee that has been registered for at least six months, has received contributions from more than 50 contributors and—with the exception of a state party committee—has made contributions to at least five federal candidates.
7. This limit is shared by the national committee and the Senate campaign committee.

CHAPTER 6

Independent Expenditures

In addition to making *contributions*, a *nonconnected committee* may support (or oppose) *candidates* by making *independent expenditures*. Independent expenditures are not contributions and are not subject to limits. (However, contributions made to a committee or to another person making independent expenditures **are** subject to limits, as explained at the end of this chapter.) See AOs 1999-37, 1999-17 and 1998-22.

What is an Independent Expenditure

An independent expenditure is an expenditure for a communication, such as a web site, newspaper, TV or *direct mail* advertisement that:

- *Expressly advocates* the election or defeat of a *clearly identified candidate*; and
- Is not made in consultation or cooperation with, or at the request or suggestion of, a candidate, candidate's committee, party committee or their agents. 100.23 and 109.1(a). See 'What is not an Independent Expenditure' below.

Clearly Identified Candidate

A candidate is "clearly identified" if the candidate's name, nickname, photograph or drawing appears, or the identity of the candidate is otherwise apparent. Examples include: "the President," "your Congressman," "the Democratic presidential nominee," "the Republican candidate for Senate in the State of Georgia." 100.17.

Express Advocacy

"*Express advocacy* (candidate advocacy)" means that the communication includes a message that unmistakably urges election or defeat of one or more clearly identified candidate(s). There are two ways that a communication can be considered *express advocacy* (candidate advocacy): by use of certain "explicit words of advocacy of election or defeat"¹ and by the "only reasonable interpretation" test. 100.22.

Explicit Words of Advocacy of Election or Defeat

The following words convey a message of *express advocacy* (candidate advocacy):

- "Vote for the President," "re-elect your Congressman," "support the Democratic nominee," "cast your ballot for the Republican challenger for the U.S. Senate in Georgia," "Smith for Congress," "Bill McKay in '02";
- Words urging action with respect to candidates associated with a particular issue, e.g., "vote Pro-Life"/ "vote Pro-Choice," when accompanied by names or photographs of candidates identified as either supporting or opposing the issue;
- "Defeat" accompanied by a photograph of the opposed candidate, the opposed candidate's name or "reject the incumbent"; and
- Campaign slogan(s) or word(s), e.g., on posters, bumper stickers and advertisements, that in context can have no other reasonable meaning than to support or oppose a clearly identified candidate, for example, "Nixon's the One," "Carter '76," "Reagan/Bush." 100.22(a).

"Only Reasonable Interpretation" Test

In the absence of such "explicit words of advocacy of election or defeat," *express advocacy* (candidate advocacy) is found in a communication that, when taken as a whole and with limited reference to external events, such as the proximity to the election, can only be interpreted by a "reasonable person" as advocating the election or defeat of one or more clearly identified candidate(s). 100.22(b)(1) and (2).²

This test requires advocacy of a candidate that is unmistakable, unambiguous and suggestive of only one meaning (that being the election or defeat of a candidate). 100.22(b)(2).

Note that the author's intent is irrelevant. The test is how a "reasonable" receiver of the communication objectively interprets the message. If reasonable minds could not differ as to the unambiguous electoral advocacy of the communication, it is *express advocacy* (candidate advocacy) regardless of what the author intended.

Multiple page communications or multiple inserts in the same envelope in a direct mail piece are to be read all together as a whole. *MCFL*, 479 U.S. at 249.

What is not an Independent Expenditure

When an expenditure is made under any of the circumstances described below, it results in an in-kind contribution to a candidate rather than an independent expenditure and therefore counts against the committee's contribution limit for that candidate. 109.1(c).

Solicitations on Behalf of a Candidate

An expenditure by a nonconnected committee for a communication that solicits the public for contributions on behalf of a candidate is an in-kind contribution if the committee collects and forwards the money to the candidate's committee. See AO 1980-46. See also Appendix D, "Earmarked Contributions."

Candidate-Prepared Material

Any expenditure to distribute or republish campaign material (print or broadcast) produced or prepared by a candidate's campaign is an in-kind contribution, not an independent expenditure. 109.1(d).

Coordinated General Public Political Communications

A communication is a Coordinated General Public Political Communication and is considered an in-kind contribution and not an independent expenditure if it:

- Is intended for an audience of over 100 people and is made through a broadcasting station (including a cable television operator), newspaper, magazine, outdoor advertising facility, mailing or any electronic medium, including the Internet or on a web site;
- Mentions a Clearly Identified Federal Candidate;
- Is paid for by a person other than a candidate, a party or their agents; and
- Is Coordinated with the candidate, party or their agents (see below).

¹ Referred to in previous Campaign Guides as "magic words."

² Three federal courts have found invalid 11 CFR 100.22(b), the FEC regulation containing the 'only reasonable interpretation' test: *Maine Right to Life Committee v. FEC* (1st Circuit Court of Appeals, 1996); *Right to Life of Dutchess County v. FEC* (NY district court, 1998); and *Virginia Society for Human Life, Inc. v. FEC* (4th Circuit Court of Appeals, 2001). See also, *FEC v. Christian Action Network* (4th Circuit Court of Appeals, 1996) and *Iowa Right to Life Committee, Inc. v. Williams* (8th Circuit Court of Appeals, 1999). But see *FEC v. Furgatch* (9th Circuit Court of Appeals, 1987) upon which 100.22(b) was based.

What Constitutes Coordination

Coordination with the candidate, the party or their agents occurs when the communication is *created, produced or distributed*:

- At the request or suggestion of the candidate or party;
- After the candidate or party has exercised control or decision-making authority over the *details of the communication* (see below); or
- After substantial discussion or negotiation, resulting in collaboration or agreement, between the communicator (e.g., the creator, producer, distributor or the person paying for the communication) and the candidate or party concerning the *details of the communication* (see below).

Details of the Communication

Details of the communication include the content, timing, location, mode, intended audience, volume of distribution or the frequency of placement of that communication.

Exception: Candidate's Response to Inquiry

A candidate's or party's response to an inquiry regarding their position on legislation or policy does not alone constitute coordination.

Internet Independent Expenditures

Recent AOs have addressed cases involving independent expenditures over the Internet. In AO 1998-22, the Commission advised that a web site containing express advocacy of a Federal candidate would be considered an independent expenditure only if the activity was completely independent of the campaign. If the activity was in cooperation or concert with a campaign, or was undertaken with the consent of a campaign, it would be an in-kind contribution and thus reportable by the campaign.

In AO 1999-37, a PAC generated express advocacy communications for electronic distribution through downloads and e-mail. Costs of registering and maintaining the web site or of computer hardware and software did not count as independent expenditures unless they were directly attributed to specific express

advocacy communications such as maintaining a separate web site for or against specific candidates. On the other hand, the expenses of initially distributing an express advocacy communication through e-mail were considered an independent expenditure. The PAC was not required to collect information on those individuals who downloaded the PAC's advertisements and used them for their own political activity.

Disclaimer Notice Required

A communication representing an independent expenditure must display a disclaimer notice. See page 10 for more information.

Allocation Among Candidates

When an independent expenditure is made on behalf of more than one clearly identified candidate, the committee must allocate the expenditure among the candidates in proportion to the benefit that each is expected to receive. For example, in the case of a published or broadcast communication, the attribution should be determined by the proportion of space or time devoted to each candidate in comparison with the total space or time devoted to all the candidates. 104.10; 106.1(a).

Reporting Requirements

A nonconnected committee must report all independent expenditures. Reporting requirements are explained on page 42.

Contributing to Committees That Make Independent Expenditures

A contribution by a nonconnected committee to a committee that makes independent expenditures is subject to the \$5,000 per calendar year limit. 110.1(d). A contribution to a committee that supports only one candidate, however, is subject to the committee's per candidate, per election limit. 110.1(h).

CHAPTER 7 Keeping Records

Nonconnected committees must keep records of their financial activities. Recordkeeping is the responsibility of the treasurer, even if the committee appoints someone else to keep records of the committee's activity. 102.9.

1. Three-Year Retention of Records

A copy of each statement, disclosure report and notice filed by the committee with the FEC, along with original back-up records relevant to the report or notice (such as bank statements, paid invoices, etc.), must be retained for three years after the statement, report or notice is filed. The committee must make these records available to the Commission for inspection upon request. 102.9(c); 104.14(b)(2) and (3). The Committee must keep records for at least three years beyond the date that it files any report to which those records relate. 11 CFR 104.14(b).

2. Receipts

Records Needed for Reporting

With respect to receipts, the Act only requires that records be kept for *contributions*. Nevertheless, committees are advised to keep records for all types of receipts in order to comply with the reporting requirements, detailed in Chapter 9.

For each receipt, a committee should record the following information:

- Amount received;
- Date of receipt; and
- Name and address of source.

Date of Receipt

General Rule

The “date of receipt” of a contribution is the date on which a person receiving the contribution on behalf of the committee obtains possession of it. See, e.g., AO 1991-18. That date is the date used for recordkeeping and reporting of receipts.

The date of receipt may be earlier than the date the committee treasurer receives the money, since a person collecting contributions has several days in which to forward them to the treasurer. (See “Forwarding Contributions,” on page 9.)

Credit Card Receipts

When the committee receives contributions through credit card charges, the date of receipt is the date on which the committee receives the contributor’s signed authorization to charge the contribution. The treasurer should retain a copy of the authorization form in the committee’s records. See, e.g., AOs 1995-9 and 1990-4. See also AO 1991-1.

Deposit of Receipts

Once the treasurer receives a contribution, he or she must deposit it within 10 days. 103.3(a). Contributions not deposited within 10 days must be returned to their donors. AO 1992-29.

3. Recording Contributions

Identifying Contributions

Contributions from individuals and from groups other than political committees must be recorded as follows:

Contributions Aggregating Over \$200

For each contribution that exceeds \$200, either by itself or when aggregated with (i.e., added to) previous contributions from the same donor to the committee during the same calendar year, records must identify the:

- Amount;
- Date of receipt;
- Donor’s name and address; and
- Donor’s occupation and employer. 100.12 and 102.9(a)(2).

Contributions of More than \$50

Records must identify each contribution exceeding \$50 by noting the:

- Amount;
- Date of receipt; and
- Donor’s name and address. 102.9(a)(1).

Contributions of \$50 or Less

The Commission recommends two possible accounting methods:

- Keep the same records as those required for contributions that exceed \$50 (above); or
- In the case of small contributions collected at a fundraising event (such as gate receipts, cash contributions, etc.), keep a record of the name of the event, the date and the total amount of contributions received on each day of the event. AO 1980-99; see AO 1981-48.

Contributions from Political Committees

Committee records must identify all contributions from political committees regardless of amount by noting the amount, date of receipt and the name and address of the contributing committee. 100.12 and 102.9(a)(3).

Possibly Illegal Contributions

A committee must keep a written record noting the basis for concern for each deposited contribution that:

- Requires a written reattribution from the contributor; or
- Requires confirmation that it is not from a prohibited source. 103.3(b)(5). See “Handling Illegal Contributions” on page 10.

4. Recording Other Receipts

The FEC recommends that committees keep records on the following receipts in order to fully comply with the reporting requirements (explained in Chapter 9):

- Transfers from *affiliated* committees;
- Bank loans;
- Interest and dividends received on invested committee funds; and
- Repayments on loans made by the committee.

Committee records should contain the full name of the source and the date and amount of each receipt.

5. Recording Disbursements

The committee’s records must show figures for total disbursements by the committee.

Disbursements by Check

All disbursements (except those made from a petty cash fund) must be made by check or similar draft drawn on an account maintained at the committee’s designated campaign depository. 102.10 and 103.3(a).

Petty Cash Disbursements

A written record of petty cash disbursements must be kept if a petty cash fund is maintained. Payments from petty cash to one person for any one purchase or transaction may not exceed \$100. 102.11.

Recording Disbursements

All Disbursements

Each disbursement must be identified by:

- Date;
- Amount of the payment;
- Name and address of the payee; and
- Purpose of the disbursement (i.e., a brief explanation of why the disbursement was made, such as “dinner expenses” or “postage”). 102.9(b)(1).

Disbursements Exceeding \$200

For each disbursement of more than \$200, the committee must keep a receipt, invoice or canceled check (in addition to the information listed above). 102.9(b)(2).

Disbursements for a Federal Candidate

A committee must keep the following records on contributions and expenditures made on behalf of candidates, regardless of the amount of the disbursement:

- Date;
- Amount;
- Office sought by the candidate, including the state and Congressional district (102.9(b)(1)(iii)); and
- *Election* for which disbursement was made (to facilitate reporting).

Credit Card Transactions

For all credit card transactions, a monthly billing statement or customer receipt for each transaction must be retained, as well as the canceled check used to pay the account. 102.9(b)(2)(ii).

Credit Union Checks or Share Drafts

Carbon copies of share drafts or checks drawn on credit union accounts may be used as records, provided the monthly account statement (showing that the draft or check was paid by the credit union) is also retained. 102.9(b)(2)(iii).

Transfers-Out

To facilitate reporting, records should identify each transfer of funds made to an affiliated committee, regardless of amount, by the date and amount of the transfer and the name and address of the recipient committee. 104.3(b)(3)(iii).

6. Treasurer's Best Efforts

Nonconnected committees and their treasurers must make best efforts to obtain, maintain and report the information required by law with respect to itemized receipts and disbursements. 102.9(d). When reporting information is incomplete, the committee and the treasurer will be in compliance with the law if they can demonstrate that they used "best efforts" in trying to obtain and report the needed information. 104.7(a). The criteria for making "best efforts" vary, depending on the type of transaction.

Contributor Information

If an individual who has contributed more than \$200 during the calendar year fails to provide the required recordkeeping information (i.e., name, mailing address, occupation and employer), the committee must be able to show that it made "best efforts" to obtain and report that information. To demonstrate "best efforts," the committee must be able to show that it requested the information—first, in the solicitation materials that prompted the contribution and, second, in a follow-up request. Furthermore, if requested information is not received until after the contribution has been reported, the committee must report the information using one of the procedures described under "File Amendments If Necessary," below.

Solicitation Materials

To satisfy the "best efforts" standard, solicitation materials must include an accurate and clear statement of the law's requirements for the collection and reporting of contributor information. The following examples are acceptable wording that may be included in the solicitations (other statements of similar meaning may also be used):

- Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and the name of employer of individuals whose contributions exceed \$200 in a calendar year.
- To comply with federal law, we must use best efforts to obtain, maintain and submit the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 per calendar year.

The request and the statement must appear in a clear and conspicuous manner on any response material included in a solicitation. The request and statement will not be considered to be "clear and conspicuous" if:

- The request and statement are printed in smaller type than the solicitation and response materials;
- The printing is difficult to read; or
- The request and statement are placed where they may be easily overlooked. 104.7(b)(1).

Follow-Up Request Within 30 Days

If the contributor does not provide sufficient reporting information when making a contribution, the committee must make at least one request for the information after the contribution is received. This follow-up request must be made for any solicited or unsolicited contribution that exceeds the \$200 threshold and lacks the necessary information (see "Contributions Aggregating over \$200" on the [previous page](#)).

The request must be made within 30 days of receipt of the contribution; it may not include an additional solicitation or material on any other subject, but it may thank the contributor. The follow-up request may be made orally or in writing, but a written request must be accompanied by a pre-addressed envelope for the response. Requests made by telephone must be documented in a memorandum. Committees must retain records of follow-up requests. 104.7(b)(2).

Use of Information from Prior Records

If the contributor does not respond to the follow-up request, but the committee possesses the information in its contributor records, fundraising records or prior reports filed during the same *election cycle*, then the committee must use that information when disclosing the contribution. 104.7(b)(3).

File Amendments If Necessary

If requested information about a *contribution* is received after the contribution has been disclosed on a report, the committee must either:

- File a *memo* Schedule A with its next regularly scheduled report, listing all contributions for which new contributor information has been received; or
- File amendments to the original reports.

In either case, the entries must cross-reference to the prior reports to which they relate. However, the committee is only required to submit the information for contributions received during the current two-year election cycle. 104.7(b)(4). See "Filing Amendments" on page 47 for instructions on filing amendments.

Documenting a Contribution's Legality

In order to determine whether a contribution of questionable legality was made by a permissible source and was not excessive, the treasurer must make at least one written or oral request for evidence of the contribution's legality. 103.3(b)(1). See also page 10, "Handling Illegal Contributions."

Documenting Disbursements

If a treasurer fails to receive a receipt, invoice or canceled check (required for disbursements exceeding \$200), he or she must make at least one written effort per transaction to obtain a duplicate copy of the needed documentation. 102.9(d).

CHAPTER 8

Filing FEC Reports

As explained in Chapter 2, a nonconnected committee must register within 10 days of raising or spending more than \$1,000 in a calendar year in connection with federal elections. 100.5(a) and 102.1(d).

Once the committee has registered, it must begin to file reports of receipts and disbursement according to the schedules described in this chapter. The first report filed by a committee must disclose any financial activity that took place prior to registration. 104.3(a) and (b).

1. Treasurer's Duties

The treasurer of a committee has the following responsibilities regarding filing FEC reports:

- Signing and filing complete, accurate reports and statements on time. 104.14(a) and (d).
- Making “best efforts” to obtain and report required information. See **previous page** for more information. 102.9(d); 104.7.
- Continuing to file required reports until the committee has filed a termination report and has received confirmation that the Commission has terminated the committee, as explained in Chapter 11. 102.3(a).

In the treasurer's absence, only an assistant treasurer designated on the committee's Statement of Organization may sign reports and assume the treasurer's duties. 102.7(a). See page 4 for information on appointing an assistant treasurer.

Electronic Filing

The treasurer must obtain a password from the FEC and use it when filing any electronic report or statement. See also 104.18(g) and page 27 “Verification Requirements” for alternatives.

2. Reporting Deadlines

Report on Time

Committee treasurers must file reports on time. The Commission cannot grant extensions on reporting deadlines. A report sent by U.S. mail, by private courier or hand-delivered is considered to be filed on time if it is received on or before the date due.

When sending reports via U.S. mail, treasurers should note:

- A pre-election report sent by registered or certified mail is considered filed on time if it is postmarked at least three days before the due date.
- Any other type of report or statement sent by registered or certified mail is considered filed on time if it is postmarked on or before the filing date. 104.5(e).

Electronic Filing

An electronic report is considered “filed” when it is received and validated by the Commission's computer system on or before 11:59 p.m. (in Washington, D.C.) on the filing date. Incomplete or inaccurate reports that do not pass the FEC's validation program will not be considered filed. The Commission will notify the filer if the report is not accepted. If the report is accepted, the Commission will send the filer a receipt.

An electronic filer that files its report on paper, instead of electronically, is considered a nonfiler. 104.18(e)(2).

Administrative Fines for Late Filers and Nonfilers

The Commission has implemented an Administrative Fines Program, based on amendments to the Federal Election Campaign Act,¹ for assessing civil money penalties for violations involving:

- Failure to file reports on time;
- Failure to file reports at all; and
- Failure to file 48-hour notices.

If the Commission finds “reason to believe” (RTB) that a committee violated the law, the Commission will notify the

committee in writing of its finding and the amount of the civil money penalty.² The committee will have 40 days to either pay the penalty or submit a written challenge to the Commission action. If the committee challenges the finding, the Commission will turn the case over to an independent reviewing officer. After the Commission considers the reviewing officer's recommendation and the committee's response to it, the Commission will make a final determination whether the committee violated 2 U.S.C. section 434(a) and, if so, will assess a civil money penalty. If the committee does not respond to the Commission's original RTB finding, the Commission also will make a final determination with an appropriate civil money penalty. The committee will then have 30 days to pay the penalty or seek court review of the case.³

Deadline Information

To ensure timely filing, treasurers should consult the FEC's monthly newsletter, the *Record*, for up-to-date information on reports required for particular elections.

3. Election Year Reporting

Election years are years in which there are regularly scheduled federal elections (i.e., even-numbered years).

During an election year, a committee must file on either a quarterly or a monthly filing schedule.

Quarterly Reporting

The following reports are required from committees filing on a quarterly schedule during an election year:

Three Quarterly Reports

Under the quarterly schedule, a committee must file three quarterly reports, due respectively on the 15th of April, July and October. A quarterly report covers activ-

² The civil money penalty is calculated according to a set schedule that may be viewed at the FEC's web site www.fec.gov. In those cases where the report in question has not been filed, the civil money penalty included with the RTB finding will be based upon the estimated level of activity.

³ For more information on the Administrative Fines Program, see 11 CFR 111.30 to 111.45, Subpart B, and the July 2000 Record.

¹ Public Law 106-58, 106th Cong., Section 640, 113 Stat. 430, 476-77 (1999).

NONCONNECTED COMMITTEE FILING

Filing Schedule	Report	Filing Date
Quarterly (Election Years Only)	12-Day Pre-Primary	*
	First Quarterly	April 15
	Second Quarterly	July 15
	Third Quarterly	October 15
	12-Day Pre-General	†
	30-Day Post-General	†
Semiannual (Nonelection Years Only)	Mid-Year (covering January through June)	July 31
	Year-End (covering July through December)	January 31
Monthly	February (covering January)	February 20
	March (covering February)	March 20
	April (covering March)	April 20
	May (covering April)	May 20
	June (covering May)	June 20
	July (covering June)	July 20
	August (covering July)	August 20
	September (covering August)	September 20
	October (covering September)	October 20
	November (covering October) [†]	November 20
	December (covering November) [†]	December 20
	12-Day Pre-General [†]	†
	30-Day Post-General [†]	†
	Year-End	January 31

*Filing dates vary from state to state, according to the primary election dates in each state. Filing dates for all states are announced each election year in the January Record.

†Filing dates vary from year to year, according to the date of the general election. The general election is always held the Tuesday following the first Monday in November.

‡A monthly filer files November and December monthly reports only during a nonelection year. During an election year, a monthly filer files pre- and post-general election reports instead of the November and December reports.

ity that occurred after the closing date of the previous report filed through the end of the calendar quarter (i.e., through March 31, June 30 and September 30).

The Commission will waive a quarterly report if a pre-election report (see below) is due between the 5th and the 15th of the month following the close of the calendar quarter. 104.5(c)(1)(i)(C). Committees should check with the FEC to verify whether a report has been waived.

Year-End Report

A year-end report, covering activity from the close of the previous report through December 31, is due on January 31 of the following year.

12-Day Pre-Primary Reports⁴

A pre-primary report, due 12 days before the election, covers activity from the close of books of the previous report filed through the 20th day before the primary. The FEC must receive the report at least 12 days before the election—unless it is sent by registered or certified mail, in which case the report must be post-marked no later than the 15th day before the election. 104.5(c)(1)(ii).

A committee must file pre-primary reports only if the committee has made previously undisclosed contributions or expenditures in connection with a primary election as of the closing date of the report.

Primary election dates vary from state to state, so a quarterly filer might have to file several pre-primary reports if the committee contributes to primary candidates in several states. Filing dates for each state's primary election are published each election year in the January Record and posted on the FEC web site (<http://www.fec.gov/reporting.html>).

Note that the FEC does not automatically send committee treasurers notices and forms for pre-primary election reports. The treasurer is responsible for determining whether the committee must file a pre-election report. (See "Monthly Reporting Option," below.)

12-Day Pre-General Election Report

A committee must file a pre-general election report covering activity from October 1 through the 20th day before the general election if the committee makes contributions or expenditures during that period. The report must be received by the FEC no later than the 12th day prior to the general election unless sent by registered or certified mail, in which case the report must be postmarked no later than the 15th day before the election. 104.5(c)(1)(ii).

30-Day Post-General Election Report

A committee must file a post-general election report 30 days after the general election. (Post-primary reports are not required.) A post-general election report covers activity that occurred after the closing date of the last report through the 20th day after the general election. The report is due 30 days after the election. 104.5(c)(1)(iii).

⁴ This section also applies to special and runoff elections, and to conventions that have the authority to select the nominee.

Monthly Reporting Option

Committees contributing to federal candidates in several states may find it easier to file monthly reports, since monthly filers do not have to file pre-primary reports or special election reports.

Monthly Filing Schedule

During an election year, a report covering each month from January through September is due on the 20th of the following month. The last monthly report, covering September, is filed October 20. The committee also files a 12-day pre-general election report and a 30-day post-general election report (see the chart for information on filing dates). Finally, the committee files a year-end report on January 31 of the next year. 104.5(c)(3)(ii).

Changing Filing Schedule

During an election year, a committee may change its filing schedule from quarterly to monthly (or vice versa). The treasurer must notify the FEC in writing before making such a change.

A committee may change its filing schedule only once per calendar year. 104.5(c).

Last-Minute Independent Expenditure Reports

A nonconnected committee must file a special notice with the FEC if it makes an independent expenditure exceeding \$1,000 after the 20th day, but more than 24 hours before, the day of an election. The notice must be filed with the FEC within 24 hours after the expenditure is made. 104.5(g). See page 42. See also "Federal Filing," below.

4. Nonelection Year Reporting

Nonelection years are years in which there are no regularly scheduled federal elections (i.e., odd-numbered years).

Semiannual Reports

During a nonelection year, quarterly filers automatically switch to a semiannual reporting schedule. Committees do not

need to notify the Commission of this switch. Two semiannual reports are required:

- The mid-year report, covering activity from January 1 through June 30, must be filed by July 31, and
- The year-end report, covering activity from July 1 through December 31, must be filed by January 31 of the following year. 104.5(c)(2)(i).

If the committee makes contributions or expenditures in connection with special elections, it may have additional reporting responsibilities. See 'Special Elections' below.

Monthly Reports

Monthly Filing Schedule

Reports covering each month's activity are due on the 20th of the following month. The first monthly report, covering January, is due February 20; the final monthly report covers November and is due December 20. The committee reports December's activity in the year-end report, due the following January 31.

Changing Filing Schedule

A committee that filed monthly reports during the election year continues to file monthly during the nonelection year. However, the committee may change to a semiannual filing schedule if it first notifies the FEC of that change in writing.

A committee may change its filing schedule only once per calendar year. 104.5(c).

5. Electronic Filing

A committee must file all reports and statements electronically if it raises or spends more than \$50,000 in any calendar year, or expects to do so. Committees that are required to file electronically, but that file on paper or fail to file, will be considered nonfilers and may be subject to enforcement action. 104.18(a)(2). See page 24, "Administrative Fines for Late Filers and Nonfilers."

Because electronic filing is more efficient and cost effective than paper filing, even committees that do not meet the \$50,000 threshold requirement are encouraged to voluntarily file their reports electronically. Please note, however, that voluntary electronic filers must continue

to file electronically for the remainder of the calendar year unless the Commission determines that unusual circumstances make continued electronic filing impractical. 104.18(b).

Methods of Electronic Filing

Most committees filing electronically find it convenient to do so via an Internet connection with a password (see "Treasurer's Duties" on page 4). Committees may, however, submit their electronic reports on diskettes (either hand delivered or sent by other means such as U.S. Postal Service). Electronic filers must file *all* their reports electronically, and the reports must adhere to the FEC's Electronic Filing Specifications Requirements.⁵ 104.18(d). Committees filing electronically on diskette must also submit a written certification—signed by the treasurer or assistant treasurer—either on paper (e.g. a signed first page of FEC Form 3X) or as a separate file with the electronic report, verifying that the treasurer has examined the documents and that, to the best of his or her knowledge, the report is correct, complete and true. 104.18(g)

Calculating the Threshold

Committees should use the following formulas to determine if their total expenditures or total contributions are over \$50,000 per calendar year:

$$\begin{aligned} & \text{Total Contributions Received}^6 \\ & - \text{Refunds of Contributions} \\ & + \text{Transfers from Affiliated Committees} \\ & = \text{Total Contributions} \end{aligned}$$

or

$$\begin{aligned} & \text{Total Federal Operating Expenditures} \\ & + \text{Federal Contributions Made} \\ & + \text{Transfers to Affiliated Federal Committees} \\ & + \text{Independent Expenditures} \\ & = \text{Total Expenditures} \end{aligned}$$

⁵ Available online at the FEC web site www.fec.gov or on paper from the FEC.

⁶ Including the outstanding balance of any loans.

Have Reason to Expect to Exceed the Threshold

Once committees actually exceed the \$50,000 yearly threshold, they have “reason to expect to exceed” the threshold in the following two calendar years. 104.18(a)(3)(i). Consequently, committees must continue to file electronically for the next two calendar years (January through December).

Committees With No History

New committees with no history of campaign finance activity have reason to expect to exceed the \$50,000 yearly threshold if:

- The committee receives contributions or makes expenditures that exceed one-quarter of the threshold amount in the first calendar quarter of the calendar year (i.e., exceeds \$12,500 by the end of March); or
- The committee receives contributions or makes expenditures that exceed one-half of the threshold amount in the first half of the calendar year (i.e., exceeds \$25,000 by the end of June). 104.18(a)(3)(ii).

Verification Requirements

The political committee’s treasurer must verify the electronically filed reports by:

- Using a personal password from the FEC (see below);
- Submitting a signed certification on paper along with the diskette; or
- Submitting a digitized copy of the signed certification as a separate file in an electronic submission.

The signed verification must certify that the treasurer or assistant treasurer has examined the submitted report, and that, to the best of his or her knowledge, the report is true, correct and complete.

Obtaining a Password

Requesting a Password

A committee’s treasurer or assistant treasurer can obtain a password by faxing a request letter to the password office at 202/219-0674. Requests may also be mailed to the Federal Election Commission, 999 E Street N.W., Washington, DC 20463. A password request must:

- Include the committee’s name and nine-digit FEC identification number;
- Be signed by the treasurer and also by the assistant treasurer if the assistant treasurer is the individual requesting the password;

- Include the treasurer’s phone number and, if applicable, the phone number of the assistant treasurer; and
- Be printed on the committee’s letterhead (if the committee has official letterhead).

A sample request can be viewed on the FEC’s web site at <http://www.fec.gov/electfil/passreqlet.html>.

Requests sent by fax can usually be processed within a few hours. However, committees are encouraged to request a password as early as possible. Requests received near a filing deadline may not be processed in time for a committee to use the password to file a timely report.

Assigning the Password

Once the password office receives the letter requesting a password, it will verify that the requester is listed as the treasurer (and assistant treasurer, if applicable) of that committee on that committee’s Statement of Organization (FEC Form 1). Only the committee’s treasurer and assistant treasurer can receive a password.

If the requester is listed on the Statement of Organization, then a representative from the password office will call the requester and ask him or her to choose a password. This password will be assigned immediately. Passwords are case sensitive and must be entered exactly as initially assigned.

If the requester is not listed on the Statement of Organization (e.g. the committee has a new treasurer), they must submit a password request letter, as described below.

Lost or Forgotten Password

The Commission cannot provide a treasurer’s password to a treasurer or committee if a treasurer forgets or loses the password because the passwords are encrypted. Instead, the treasurer must ask for a new password, repeating the process described above.

New Treasurers

When a committee appoints a new treasurer, it must amend its Statement of Organization to disclose the change. In order to do so, the new treasurer must request a password. Since the treasurer’s name and signature do not appear on the committee’s existing Statement of Organization, they must include the following sentence in the password request letter: “I represent that I am the duly appointed treasurer and have such authority as such to sign FEC reports for the above committee.”

Once a password is received, the new treasurer can file the amended Form 1 to indicate the change of position.

Special Requirements

The following documents have special signature and submission requirements:

- Schedule C1 (Loans and Line of Credit), including copies of loan agreements;
- Schedule E (Independent Expenditures); and
- Form 8 (Debt Settlement Plan).

These three forms, in addition to being included in the electronic report, must be submitted on paper or in a digitized format (submitted as a separate file in the electronic report). 104.18(h).

6. Special Elections

Committees making contributions or expenditures in connection with a special election may be required to file special election reports, including reports of last-minute independent expenditures (if appropriate). Filing dates for special elections are published in the Federal Register, on the FEC web site and in the *FEC Record*. (Committees filing on a monthly basis are not required to file special election reports.) 104.5(h)

If a regularly scheduled report is due within 10 days of the date a special election report is due, the Commission may waive the regular report. 104.5(h). Committees should check with the FEC to verify whether a report has been waived.

7. Where to File

Committees must file all reports and statements simultaneously with the appropriate federal and state offices.

Federal Filing

Nonconnected committees generally file reports and statements with the Federal Election Commission, 999 E Street, N.W., Washington, DC 20463. 105.4.

However, unauthorized single candidate committees that support only Senate candidates file with the Secretary of the Senate: Office of Public Records, 232 Hart Senate Office Building, Washington, DC 20510-7116.

Note also that notices of last-minute independent expenditures on behalf of Senate candidates must be filed with the Secretary of the Senate. 104.4(c)(2) and 104.5(g). Notices of last-minute expenditures supporting or opposing House or Presidential candidates must be filed with the FEC. 104.4(b) and (c)(1) and (3).

State Filing

In addition to filing with the federal government, nonconnected committees must simultaneously file copies of reports with the Secretary of State (or other designated state officer) only in those states:

- In which the committee supported or opposed candidates during that reporting period; and
- That have not received a waiver from the requirement to maintain copies of FEC statements and reports, as explained below.

A list of addresses of state filing offices is available from the FEC.

House and Senate Elections Reports disclosing contributions or expenditures on behalf of a House or Senate candidate are filed in the state in which the candidate seeks election. A copy of the entire report is not required—only the portion of the report applicable to the candidate (for example, the first page of Form 3X and a Schedule B disclosing a contribution to the candidate). 108.3.

Presidential Elections

Reports disclosing contributions or expenditures in connection with Presidential candidates are filed in the states in which the Presidential committee and the donor committee have their headquarters. 108.4.

District of Columbia Exception

Committees are not required to file copies of their FEC reports and statements with local election officials in the District of Columbia. Filing at the federal offices is sufficient. 108.8.

State Filing Waiver

Nonconnected committees do not have to file copies of reports and statements with states that:

- Provide the public with the means to access and duplicate the reports available on the FEC web site; and
- Have been granted a waiver by the Commission exempting them from the requirement to receive and maintain copies of FEC reports.⁷ 108.1(b).

8. Public Review of Reports

All reports filed by political committees are available for public inspection and copying (for a minimal fee) in the FEC's Public Records Office. The reports are also posted on the Commission web site at www.fec.gov/finance_reports.html. Copies of reports may also be purchased by mail. For more information, call 800/424-9530 ext. 3 or 202-694-1120.

Reports are also available for public review in designated state election offices.

“Sale or Use” Restriction

The Act prohibits anyone from selling or using the names and addresses of individual contributors copied from FEC reports for commercial purposes or for the purpose of soliciting funds. This “sale or use” restriction, however, does not apply to the names and addresses of political committees that are listed in FEC reports. 104.15.

“Salting” Reports to Detect Misuse

When preparing a report to be filed, a committee may “salt” the report with up to 10 fictitious names in order to detect impermissible uses of individual contributor information by other organizations. 104.3(e).

Salting can be done by taking a portion of the subtotal for unitemized contributions and allocating it, as itemized contributions, among several fictitious contributors. The committee itemizes each fictitious contribution on a Schedule A, providing a real address (such as the address of a campaign staff member) for each fictitious contributor. The committee must adjust its subtotals for itemized and unitemized contributions accordingly on the Detailed Summary Page. If a solicitation or commercial mailing is sent to one of the fictitious names, the committee will know that someone has illegally used the names of contributors disclosed on its reports. The committee may then file a complaint with the FEC.

When a committee files a report containing fictitious names, a list of the fictitious names should be sent under separate cover directly to the FEC's Reports Analysis Division. The list will be kept confidential.

Sale or Use of Committee's Contributor List

The sale or use restriction does not prevent a committee from compiling its own list of contributors and distributing it to others. Subject to other applicable requirements of the Act, a committee may donate, sell, trade or rent its own contributor list to other committees and organizations. AOs 1982-41 and 1981-53.

⁷ As of September 30, 2001, the following states and territories have not been granted a waiver by the Commission: Alaska, Iowa, Massachusetts, Montana, Puerto Rico and Guam. For an updated list of the states and territories that have been granted a waiver, see <http://www.fec.gov/pages/statefiling.htm>. For more information, see 11 CFR Part 108.

CHAPTER 9

Completing FEC Form 3X

1. Reporting Forms

FEC forms should be typed; printing in ink is also acceptable as long as the forms are legible. Because filings will be photocopied several times before being placed on the public record, it is important that paper filers submit original documents (not copies). Committees submitting illegible documents will be required to refile.

The treasurer should not forget to retain a photocopy of each report filed with the Commission, along with the appropriate records, for three years.

Form 3X and Schedules

Nonconnected committees use FEC Form 3X to disclose their receipts and disbursements. The same form is used for all types of reports, including quarterly reports, semiannual reports, pre- and post-election reports and termination reports.

The Form 3X booklet contains:

- The Summary Page (2 pages)
- The Detailed Summary Page (2 pages)
- Schedule A—Itemized Receipts
- Schedule B—Itemized Disbursements
- Schedule C—Loans
- Schedule C-1—Loans and Lines of Credit from Lending Institutions
- Schedule D—Debts and Obligations
- Schedule E—Itemized Independent Expenditures
- Schedules H1-H4—Allocation of Federal and Nonfederal Expenses (See Chapter 10 for information on the allocation schedules.)

Information entered on the Summary Page and Detailed Summary Page is based on information from the schedules. The schedules, therefore, are normally filled out first. The instructions in this chapter (starting in Section 2) begin with Schedule A.

Electronic Filing

Committees filing with the FEC can take advantage of the electronic filing program. Reports can be filed electronically on disk, via modem or via the Internet. For more information about electronic filing, including the mandatory electronic filing requirements that apply to some committees, see page 26 of this guide or contact the FEC.

While what follows in this chapter applies to both paper and electronic filers, electronic filers should consult their software providers for additional information.

Computerized Forms

A committee may use computer-produced versions of Schedules A and B, but they must first be submitted to the Commission for approval. This rule applies even if the committee is using commercial software advertised as approved for FEC reporting. 104.2(d). Committees may also submit computer-generated Summary and Detailed Summary Pages, but these pages must be reproductions of the original FEC forms. See AO 1992-11.

The committee must send samples of its proposed forms and schedules to the FEC's Reports Analysis Division. 104.2(d); FEC Directive 37.

Forms Available on Faxline and FEC Web Site

Faxline

The reporting forms are available on the FEC's fax-on-demand service, Faxline, at 202/501-3413. Below are the document numbers of the reporting forms for nonconnected political committees:

- Form 1—Statement of Organization—#801
- Form 3X—Financial Reporting for Unauthorized Committees—#804
- Schedule A—Itemized Receipts—#825
- Schedule B—Itemized Disbursements—#826
- Schedule C and C-1—Loans—#827
- Schedule D—Debts and Obligations—#828
- Schedule E—Independent Expenditures—#829
- Schedule H1-H4 – Allocation — #831
- Schedule I – Aggregate Page Non-Federal Accounts — #832

Web Site

The forms mentioned above are also available on the FEC web site (www.fec.gov/reporting.html).

2. Itemized Receipts: Schedule A

When to Itemize Receipts

Regardless of Amount

Several types of receipts must be itemized on Schedule A regardless of amount. They include:

- Contributions from *political committees* and similar organizations;
- Transfers from *affiliated* committees;
- Loans received;
- Loan payments received; and
- Refunded contributions received from political committees.

\$200 Threshold

A receipt in any of the following categories must be itemized if it exceeds \$200 per calendar year, either by itself or when aggregated with other receipts from the same source:

- Contributions from individuals and groups other than political committees;
- Offsets to operating expenditures (rebates, refunds and returns of deposits); and
- Other receipts (such as interest and dividends earned on invested funds).

Note that, although a committee only has to itemize contributions in its reports for persons (other than political committees) giving more than \$200 per year, the committee's records must identify the sources of contributions of more than \$50. See Chapter 7.

Itemizing Receipts When Not Required

A committee that chooses to itemize all its receipts, regardless of the \$200 threshold, should use a separate Schedule A to itemize the small contributions (i.e., receipts that do not aggregate over \$200). The committee should include those receipts in the total for Line 11(a)(ii), "Unitemized Receipts," on the Detailed Summary Page (see page 34).

Categorizing Receipts

Before beginning to itemize the committee's receipts, separate them into the different categories listed on the Detailed Summary Page ("Contributions from Individuals," "Contributions from Political Committees," etc.; an illustration of a completed Detailed Summary Page appears on page 34). The receipts in each category must be itemized on a separate Schedule A designated for that category.

Indicate the type of receipt itemized on a particular Schedule A by checking the box in the upper right hand corner of the schedule that corresponds to the line number from the Detailed Summary Page. The appropriate category of receipt may also be written at the top of each page.

Some categories may require several pages. The total for each category should be entered on the bottom line of the last page for that category.

Itemized Information

For each itemized receipt, provide:

- The full name and address (including zip code) of the contributor or other source;
- The name of the contributor's employer (if the contributor is an individual);
- The contributor's occupation (if the contributor is an individual);
- The date of receipt;
- The amount; and
- The aggregate, year-to-date total of all receipts (within the same category) from the same source. 104.3(a)(4).

The space indicating the election for which a contribution is made ("Receipt For") does not apply to nonconnected committees; leave those boxes blank.

Special Employer Information

If a contributor is self-employed, that should be recorded in the Name of Employer space. If a contributor is not employed, the Employer space should be left blank, but the Occupation space should always be completed (e.g., "unemployed," "retired," "homemaker").

Best Efforts Required

Apply "best efforts" to obtain and report the information listed above. See page 23 for information.

Payroll Deductions

Administration Costs

A *nonconnected committee* that is sponsored by a noncorporate organization, such as a partnership, may receive contributions from the organization's partners or employees in the form of payroll deductions. If the costs associated with administering the payroll deduction plan are paid by that sponsor, they are considered an in-kind contribution from the sponsoring organization. If, however, the committee itself pays for the cost of the payroll deductions, then they are considered operating expenditures by the nonconnected committee. AO 1982-63. See also Appendix A, "Support from Sponsoring Organization," for more information.

PAYROLL DEDUCTIONS

SCHEDULE A (FEC Form 3X)		FOR LINE NUMBER: PAGE 1 OF 1	
ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17	
NAME OF COMMITTEE (In Full) Civil Republic PAC			
Full Name (Last, First, Middle Initial) A. Grimes, Frank		Date of Receipt payroll deduction	
Mailing Address 742 Evergreen Terrace		M M M / D D D / Y Y Y Y Y Y	
City State Zip Code Springfield IL 33333		Amount of Each Receipt this Period 90.00	
FEC ID number of contributing federal political committee. C		(\$15 biweekly)	
Name of Employer Leonard & Karl LLC		Occupation Lawyer	
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 285.00	

Itemize payroll deductions only after they have exceeded \$200 per calendar year from an individual

IN-KIND CONTRIBUTIONS

SCHEDULE A (FEC Form 3X)		FOR LINE NUMBER: PAGE 1 OF 1	
ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17	
NAME OF COMMITTEE (In Full) Civil Republic PAC			
Full Name (Last, First, Middle Initial) A. Fedder, Muriel		Date of Receipt 08 / 19 / 2002	
Mailing Address 1 Bananafish Street		M M M / D D D / Y Y Y Y Y Y	
City State Zip Code Alexandria VA 00000		Amount of Each Receipt this Period 3999.00	
FEC ID number of contributing federal political committee. C		IN-KIND (RAFFLE PRIZE)	
Name of Employer Roofbeam Carpentry		Occupation Carpenter	
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 3999.00	

SCHEDULE B (FEC Form 3X)		FOR LINE NUMBER: PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input checked="" type="checkbox"/> 21b <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29	
NAME OF COMMITTEE (In Full) Civil Republic PAC			
Full Name (Last, First, Middle Initial) A. Fedder, Muriel (contributor)		Date of Disbursement 08 / 19 / 2002	
Mailing Address 1 Bananafish Street		M M M / D D D / Y Y Y Y Y Y	
City State Zip Code Alexandria VA 00000		Amount of Each Disbursement this Period 3999.00	
Purpose of Disbursement Raffle Prize		Category/Type IN-KIND	
Candidate Name Raffle Prize		Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	
Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		State: District:	

ADVANCES FROM PERSONAL FUNDS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial) A. John Colombini		Date of Receipt MM / DD / YYYY 09 / 17 / 2002		
Mailing Address 1 Twickingham Ln.		Amount of Each Receipt this Period \$379.83		
City Smallville	State VA	Zip Code 00000	MEMO: airfare to be reimbursed	
FEC ID number of contributing federal political committee. C		Aggregate Year-to-Date \$379.83		
Name of Employer Civil Republic PAC		Occupation Political coordinator		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				

Unreimbursed advances that aggregate over \$200, appear as memo entries on Schedule A for Line 11(a)

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial) A. John Colombini		Date of Disbursement MM / DD / YYYY 10 / 18 / 2002		
Mailing Address 1 Twickingham Ln.		Amount of Each Disbursement this Period \$379.83		
City Smallville	State VA	Zip Code 00000	(See Schedule A, October Quarterly)	
Purpose of Disbursement Airfare reimbursement		Category/Type		
Candidate Name		Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		
Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		State: District:		

Reimbursement is reported as an Operating Expenditure on Schedule B, with a cross-reference to the corresponding Schedule A

Reporting Receipts

Once an individual's deductions aggregate over \$200 in a calendar year, report the total amount deducted from the donor's paychecks during the reporting period on Schedule A. In parentheses indicate the amount that was deducted each pay period. Instead of stating a specific date of receipt, type "payroll deduction" under "Date." The other itemized information, including the year-to-date total, must be completed for each donor. 104.8(b).

EXAMPLE: During an election year, a member of a law partnership authorizes his firm to deduct \$15 per pay period (each pay period is two weeks) for the firm's nonconnected PAC. The PAC, which files FEC reports on a quarterly

schedule, includes the partner's first-quarter contributions (\$90 for six pay periods) as "unitemized contributions" on Line 11(a)(ii) in the April quarterly report.

By June 30 (the closing date for the July quarterly report), 13 pay periods have passed, and the partner's aggregate contributions are \$195—still below the \$200 itemization threshold. The partner's second-quarter contributions again are included in "unitemized contributions" in the July report.

By September 30 (the closing date for the October quarterly report), 19 pay periods have passed, and the partner's contributions reach \$285. Now the committee itemizes the total contributions received from the partner during the third quarter (\$90), providing the year-to-date total in the appropriate space.

In-Kind Contributions Received

When determining whether to itemize an *in-kind contribution*, follow the same guidelines listed under "When to Itemize Receipts," page 29. See page 12 for information on how to determine the dollar value of an in-kind contribution.

In addition, add the value of the in-kind contribution to the *operating expenditures* total on Line 21(b) (in order to avoid inflating the cash-on-hand amount). 104.13(a)(2).

If the in-kind contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures. See the illustration on the opposite page.¹

Appreciated Goods

When a committee receives an in-kind contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a *memo entry* on Schedule A (see "When to Itemize Receipts," page 29). Under "Amount," report the fair market value of the contribution on the date the item was received. Do not include that amount in the total for Line 11(a)(i) on the Detailed Summary Page.
- Once the item is sold, report the sale price as a contribution on Line 11(a)(i) if the purchaser is known or as an "other receipt" on Line 15 if the purchaser is unknown. Itemize the transaction on Schedule A if necessary. 104.13(b). See also AO 1989-6.

Advances from Personal Funds

As explained on page 12, when an individual uses his or her *personal funds* or *personal credit* to pay a vendor for a committee expense and is later reimbursed by the committee, special reporting rules apply.

Advances Made and Reimbursed Within Same Reporting Period

Advances that are made and reimbursed within the same reporting period are considered contributions and must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions

¹ Committees maintaining separate accounts for federal and nonfederal activity may have to allocate under these circumstances. See Chapter 10 for more information.

from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e., previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A; and

- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the calendar year, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). AO 1992-1.

Advances Made and Reimbursed in Different Reporting Periods

Advances that are reimbursed in a later reporting period must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e. previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A;
- Report the amount of the advance outstanding at the end of the reporting period as a debt on Schedule D if it exceeds \$500 or has been outstanding for more than 60 days; and
- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the calendar year, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). AO 1992-1.

Special Rule for Reporting Reimbursements

If the total amount reimbursed to the individual is \$500 or less, the committee should report the individual as the payee. If the total amount exceeds \$500 and payments to any one vendor used for the expenses total over \$200, additional information is required to achieve full disclosure. In this instance the committee must:

- Report the individual as payee; and
- Report the payments aggregating over \$200 to any one vendor as memo entries on Schedule B. AO 1996-20, footnote 3.

See 'Reporting Debts Other Than Loans' on page 45.

JOINT CONTRIBUTIONS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17		
NAME OF COMMITTEE (In Full) Civil Republic PAC				
A. Full Name (Last, First, Middle Initial) Caufield, Vincent		Date of Receipt MM / DD / YYYY 07 / 08 / 2002		
Mailing Address 33 Catcher Street		Amount of Each Receipt this Period 500.00		
City Arlington State VA Zip Code 33333		FEC ID number of contributing federal political committee. C		
Name of Employer Big Phony Party Supplies Occupation Manager		Aggregate Year-to-Date 575.00		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				
B. Full Name (Last, First, Middle Initial) Caufield, Allie		Date of Receipt MM / DD / YYYY 07 / 08 / 2002		
Mailing Address 33 Catcher Street		Amount of Each Receipt this Period 500.00		
City Arlington State VA Zip Code 33333		FEC ID number of contributing federal political committee. C		
Name of Employer Rye Bakery Occupation Proprietor		Aggregate Year-to-Date 500.00		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				

Treat joint contributions as if they had been made individually.

Joint Contributions

A joint contribution is made by a single check (or other written instrument) that bears two signatures. A check with one signature may also be a joint contribution if an accompanying form or letter, signed by both contributors, instructs the committee to treat it as a joint contribution. (A check drawn on a joint bank account but signed by only one person does not qualify as a joint contribution. Attribute the full amount of such a check only to the person who signed it. If necessary, a reattribution may be sought using the procedures described below.)

For the purposes of itemization, report a joint contribution as though the joint contributors had given separately.

A joint contribution is itemized in items A and B in the illustration above. In this case, the committee received a \$1,000 check from a married couple, signed by both spouses. Because there were no instructions as to how to attribute the check, the committee must divide it equally between the two spouses—\$500 from each. 110.1(k)(2).

By contrast, if the committee received instructions to attribute \$100 to the husband and \$900 to the wife, the committee would itemize the wife's contribution. The husband's \$100 contribution would have to be itemized only if he had previously given more than \$100 in the same calendar year, since his total contributions would then aggregate over \$200.

REATTRIBUTIONS: ORIGINAL CONTRIBUTION RECEIVED

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: PAGE 1 OF 1	
ITEMIZED RECEIPTS			<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial) A. Benson, Jack		Date of Receipt MM / DD / YYYY 06 / 14 / 2002		
Mailing Address 22 France Drive		Amount of Each Receipt this Period 6000.00		
City Charlottesville State VA Zip Code 22222		(Reattribution Requested)		
FEC ID number of contributing federal political committee. C		Name of Employer Travelco Inc. Occupation Assistant Vice President		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 6000.00		

The entry should note that the committee has requested a reattribution to show it has taken corrective action for an excessive contribution

REATTRIBUTION RECEIVED

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: PAGE 1 OF 1	
ITEMIZED RECEIPTS			<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial) A. Benson, Jack		Date of Receipt MM / DD / YYYY 06 / 14 / 2002		
Mailing Address 22 France Drive		Amount of Each Receipt this Period 6000.00		
City Charlottesville State VA Zip Code 22222		MEMO^α		
FEC ID number of contributing federal political committee. C		Originally reported 6/14/02. \$1,000 reattributed below.		
Name of Employer Travelco Inc. Occupation Assistant Vice President		Aggregate Year-to-Date ▼ 6000.00		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				
Full Name (Last, First, Middle Initial) B. Benson, Jack		Date of Receipt MM / DD / YYYY 07 / 11 / 2002		
Mailing Address 22 France Drive		Amount of Each Receipt this Period -1000.00		
City Charlottesville State VA Zip Code 22222		MEMO (reattribution below)		
FEC ID number of contributing federal political committee. C		Name of Employer Travelco Inc. Occupation Assistant Vice President		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 5000.00		
Full Name (Last, First, Middle Initial) C. Benson, Sarah		Date of Receipt MM / DD / YYYY 07 / 11 / 2002		
Mailing Address 22 France Drive		Amount of Each Receipt this Period 1000.00		
City Charlottesville State VA Zip Code 22222		MEMO (reattribution)		
FEC ID number of contributing federal political committee. C		Name of Employer Wiggily & Dinghy LLC Occupation Legal Counsel		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 1000.00		

Reattributions

This section describes how to report contributions for which the committee has requested reattributions from contributors. (See page 10.)

Receipt of Original Contribution

When itemizing a contribution that must be reattributed to correct an excessive amount, include a statement on Schedule A noting that a reattribution has been requested. 103.3(b)(5).

Receipt of Reattribution

In the report covering the period during which the reattribution is received, itemize as *memo entries*:

- Information on the contribution as it was previously disclosed; and
- Information on the contribution as it was reattributed, including the date the reattribution was received. 104.8(d)(3).

Refund of Excessive Portion

If the committee does not receive the reattribution, the committee must refund the excessive portion within 60 days of the treasurer's receipt of the contribution. Disclose the refund on the next report. 103.3(b)(3) and (5); 104.8(d)(4). See also "Refunds Made by the Committee," page 39.

Memo Entry

Use a memo entry on a schedule to provide information that is not included in the schedule's total dollar figure. Memo entries are used, for example, to disclose a reattribution of a contribution.

Filers should exercise caution not to confuse "memo entries" with the "memo text" function used to supply additional information when filing electronically using FECFile.

Bounced Checks

If a committee reports the receipt of a check and later finds it cannot be negotiated because of insufficient funds in the donor's account, the committee deducts the amount from its next report as follows:

- If the receipt was not itemized in a previous report, deduct the amount of the check from the total for unitemized contributions (Line 11(a)(ii) on the Detailed Summary Page).
- If the receipt was itemized previously, itemize the return of the check as a *negative entry* on a Schedule A for the appropriate line number.

Checks received and returned by the bank in the same reporting period do not need to be reported.

Negative Entry

A *negative entry* is usually shown as a dollar amount with a negative sign in front. The amount is always deducted from the total for that schedule (and the corresponding line number on the Detailed Summary Page). A negative entry is used, for example, when a contributor's check bounces or is returned to the contributor without having been deposited in the committee's account.

3. Reporting Receipts: The Detailed Summary Page

Listed below are the categories of receipts found on the Detailed Summary Page. For each category, enter a total for the current period and for the year to date.

Line 11. Contributions

Report total monetary and in-kind contributions received, both itemized and unitemized.

Line 11(a)(i): Contributions from Individuals and Other Groups

Itemize contributions from individuals on a Schedule A for Line 11(a)(i). Rules concerning when to itemize contributions from individuals are explained on page 29. Contributions from partnerships are also reported on Line 11(a)(i); see also Appendix C for more information about reporting partnership contributions.

RETURNED/BOUNCED CHECKS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
<input checked="" type="checkbox"/>	11a	<input type="checkbox"/>	11b	<input type="checkbox"/>
<input type="checkbox"/>	13	<input type="checkbox"/>	14	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	11c	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	12	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	16	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>	17	<input type="checkbox"/>

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)
Civil Republic PAC

Full Name (Last, First, Middle Initial)
A. John Scofflaw

Mailing Address
100 Sophrosyne Ave.

City
Billings

State
MT

Zip Code
00000

FEC ID number of contributing federal political committee.
C

Name of Employer
Self-employed

Occupation
Contractor

Receipt For:
 Primary General
 Other (specify) ▼

Aggregate Year-to-Date ▼
\$0.00

Date of Receipt
06 / 27 / 2002

Amount of Each Receipt this Period
--250.00

(bounced check - originally disclosed in April quarterly report)

THE DETAILED SUMMARY PAGE

DETAILED SUMMARY PAGE of Receipts		
FEC Form 3X (Revised 1/01)		Page 3
Write or Type Committee Name Civil Republic PAC		
Report Covering the Period: From:	07 / 01 / 2002	To: 09 / 30 / 2002
I. Receipts	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
11. Contributions (other than loans) From:		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A)	10562.27	
(ii) Unitemized	9982.57	
(iii) TOTAL (add Lines 11(a)(i) and (ii))	20544.84	37967.46
(b) Political Party Committees	0	0
(c) Other Political Committees (such as PACs)	0	0
(d) Total Contributions (add Lines 11(a)(iii), (b), and (c)) (Carry Totals to Line 32, page 4)	20544.84	97967.46
12. Transfers From Affiliated/Other Party Committees	2,140.30	5,695.45
13. All Loans Received	5000.00	5000.00
14. Loan Repayments Received	0	0
15. Offsets To Operating Expenditures (Refunds, Rebates, etc.) (Carry Totals to Line 36, page 4)	250.00	250.00
16. Refunds of Contributions Made to Federal Candidates and Other Political Committees	1000.00	1000.00
17. Other Federal Receipts (Dividends, Interest, etc.)	181.69	851.88
18. Transfers from Nonfederal Account for Joint Activity	0	0
19. Total Receipts (add Lines 11(d), 12, 13, 14, 15, 16, 17, and 18)	29116.83	110,764.79
20. Total Federal Receipts (subtract Line 18 from Line 19)	29116.83	110,764.79

TRANSFERS

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED RECEIPTS			<input type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input checked="" type="checkbox"/> 12
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.						
NAME OF COMMITTEE (In Full) Civil Republic PAC						
Full Name (Last, First, Middle Initial) A. Connecticut Civil Republic PAC			Date of Receipt MM / DD / YYYY 07 / 30 / 2002			
Mailing Address 211 Hermit Ln.			Amount of Each Receipt this Period 2140.30			
City Hartford		State CT	Zip Code 00000			
FEC ID number of contributing federal political committee. C		00000003				
Name of Employer		Occupation		Aggregate Year-to-Date 5695.45		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼						

Itemize all transfers from affiliated committees, regardless of amount.

Line 11(b): Political Party Committees
If the committee has received any contributions from party committees (including committees that do not qualify as *political committees*), itemize them on a Schedule A for Line 11(b) and enter the total on the Detailed Summary Page.

Line 11(c): Other Political Committees
If the committee has received contributions from other types of committees (including committees that do not qualify as *political committees*), itemize them on a Schedule A and enter the total on Line 11(c). *Transfers* of funds received from affiliated committees, however, are reported on Line 12.

Line 11(d): Total Contributions
Enter the total of Lines 11(a), (b) and (c) on Line 11(d).

Line 12. Transfers-In

Itemize any transfers of funds received from *affiliated political committees* on a Schedule A. See the example at left. Enter the total on Line 12.

OFFSETS TO OPERATING EXPENDITURES

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED RECEIPTS			<input type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input checked="" type="checkbox"/> 12
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.						
NAME OF COMMITTEE (In Full) Civil Republic PAC						
Full Name (Last, First, Middle Initial) A. Blue Period Designs			Date of Receipt MM / DD / YYYY 07 / 30 / 2002			
Mailing Address 22 Daumier Ave.			Amount of Each Receipt this Period 250.00 (refund of overcharge)			
City Arlington		State VA	Zip Code 00000			
FEC ID number of contributing federal political committee. C						
Name of Employer		Occupation		Aggregate Year-to-Date 250.00		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼						

Itemize offsets to operating expenditures when they aggregate over \$200 per calendar year from the same source.

Line 13. Loans

Itemize any loans received on a Schedule A. Enter the total amount on Line 13. Committees receiving loans must also file Schedule C. See Section 8, page 43, for more information.

Line 14. Loan Repayments

Itemize any repayments received on loans made this period by the committee on a Schedule A. Enter the total on Line 14. Committees receiving loan repayments must also file Schedule C. See Section 8.

Line 15. Offsets to Operating Expenditures

Refunds, rebates and returns of deposits are considered offsets to *operating expenditures*. Itemize offsets on a Schedule A once the committee receives more than \$200 from the same source during a calendar year. Enter the total on Line 15. See example.

Line 16. Refunds of Contributions

Itemize refunds of contributions made by the committee on a Schedule A regardless of their amount. See directions for Line 28 for more information on how to report them. Enter the total on Line 16.

Line 17. Other Receipts

This category includes interest and dividends earned on investments. Itemize these receipts on a Schedule A once the committee receives more than \$200 from the same source during a calendar year. Enter the total under this category on Line 17. See Section 6 for more information on interest and dividends.

Line 18. Transfers from Nonfederal Account for Joint Activity

If the committee maintains a nonfederal account for state and local election activities, the federal account may accept a transfer of funds from the nonfederal account for the sole purpose of covering its share of a joint federal and nonfederal expense. 106.6(e)(1)(i). Report the total amount transferred from the nonfederal account during the period (i.e., the total from Schedule H3) on Line 18.

Other rules concerning these transfers are explained in Chapter 10.

4. Itemized Disbursements: Schedule B

When to Itemize Disbursements

Regardless of Amount

Several types of disbursements must be itemized regardless of amount:

- Contributions to candidates and political committees;
- Expenditures for shared federal/nonfederal activity (Schedule H4). See chapter 10;
- Loan repayments;
- Loans made by the committee; and
- Transfers to affiliated committees.

Note that refunds of contributions (Line 26 on the Detailed Summary Page) must be itemized on Schedule B only if

CONTRIBUTIONS TO CANDIDATES

SCHEDULE B (FEC Form 3X)		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page		21b 22 23 24 25 26 27 28a 28b 28c 29	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Civil Republic PAC					
Full Name (Last, First, Middle Initial)					
A. Citizens for Tom Duncan			Date of Disbursement MM / DD / YYYY 07 / 12 / 2002		
Mailing Address 51 Rushmore Ln.					
City Rust		State TX		Zip Code 00000	
Purpose of Disbursement Contribution			Amount of Each Disbursement this Period 972.40		
Candidate Name Tom Duncan			Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			
State: TX		District: 12			

Itemize contributions to federal candidates regardless of amount.

Full Name (Last, First, Middle Initial)					
B. Christopher Blakley for Congress			Date of Disbursement MM / DD / YYYY 08 / 01 / 2002		
Mailing Address 5432 Pinchpenny Rd.					
City Carbondale		State IL		Zip Code 00000	
Purpose of Disbursement Contribution			Amount of Each Disbursement this Period 500.00		
Candidate Name Christopher Blakley			Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼ 2000 General debt			
State: IL		District: 9			

See page 17 for information on making post-election contributions to retire a candidate's debts.

IN-KIND CONTRIBUTIONS TO CANDIDATES

SCHEDULE B (FEC Form 3X)		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page		21b 22 23 24 25 26 27 28a 28b 28c 29	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Civil Republic PAC					
Full Name (Last, First, Middle Initial)					
A. Westroads Liquor			Date of Disbursement MM / DD / YYYY 08 / 24 / 2001		
Mailing Address 19 Main Street					
City Alexandria		State VA		Zip Code 00000	
Purpose of Disbursement Reception			Amount of Each Disbursement this Period 972.40		
Candidate Name Stephen Bagwell			Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			
State: MT		District: 00			
MEMO (in-kind: see Schedule B, Line 23)					

IN-KIND CONTRIBUTIONS TO CANDIDATES (CONT.)

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		<input type="checkbox"/> 21b	<input type="checkbox"/> 22	<input checked="" type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 29
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
A. Westroads Liquor				Date of Disbursement			
Mailing Address 19 Main Street				MM / DD / YYYY 08 / 19 / 2001			
City Alexandria		State VA		Zip Code 00000		Amount of Each Disbursement this Period	
Purpose of Disbursement Reception		Candidate Name Stephen Bagwell		Category/Type 011		972.40	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		State: MT District: 00			

the incoming contribution had to be itemized on Schedule A, as explained earlier in this chapter.²

Other Disbursements: \$200 Threshold
A disbursement that does not fall under one of the categories listed above (such as a donation to a nonfederal candidate) must be itemized if it exceeds \$200 when aggregated with other disbursements made to the same payee during the calendar year.

How to Itemize Disbursements

Separate Categories of Disbursements
Before beginning to itemize the committee's disbursements, separate them into the different categories listed on the Detailed Summary Page ("Operating Expenditures," "Contributions to Federal Candidates," etc.; an illustration of a completed Detailed Summary Page appears on page 40). The disbursements in each category must be itemized on a separate Schedule B designated for that category.

Indicate the type of disbursement itemized on a particular Schedule B by checking the box in the upper right hand corner that corresponds to the line number from the Detailed Summary Page. The appropriate category of disbursement may also be written at the top of each page.

Some categories may require several pages. The total for each category should be entered on the bottom line of the last page for that category.

Itemized Information

Itemized disbursement information includes:

- Name of payee;
- Address of payee;
- Purpose of disbursement (a brief but specific description of why the disbursement was made—see Schedule B instructions and 104.3(b)(3)(i)(B));
- Optional category code;
- Date of payment; and
- Amount. 104.3(b)(3); 104.9.

CREDIT CARD TRANSACTIONS

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		<input checked="" type="checkbox"/> 21b	<input type="checkbox"/> 22	<input type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 29
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
A. Credit Card Corp.				Date of Disbursement			
Mailing Address 101 Charge Street				MM / DD / YYYY 12 / 30 / 2002			
City Alexandria		State VA		Zip Code 00000		Amount of Each Disbursement this Period	
Purpose of Disbursement Credit Card Payment (see below)		Candidate Name Stephen Bagwell		Category/Type 011		504.50	
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		State: VA District: 00			
Full Name (Last, First, Middle Initial)							
B. Prime Cut Steakhouse				Date of Disbursement			
Mailing Address 1001 Pennsylvania Ave.				MM / DD / YYYY 11 / 01 / 2002			
City Washington		State DC		Zip Code 00000		Amount of Each Disbursement this Period	
Purpose of Disbursement Fundraising Luncheon		Candidate Name Donald Barr		Category/Type 011		237.25	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		MEMO (See schedule B, Line 23)			
State: ID District: 00							
Full Name (Last, First, Middle Initial)							
C. Bob's House of Cakes				Date of Disbursement			
Mailing Address 800 E. Street SW				MM / DD / YYYY 11 / 01 / 2002			
City Washington		State DC		Zip Code 00000		Amount of Each Disbursement this Period	
Purpose of Disbursement Fundraising Luncheon		Candidate Name Donald Barr		Category/Type 011		267.25	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		MEMO (See schedule B, Line 23)			
State: ID District: 00							

² If the committee uses funds drawn from federal and nonfederal accounts to conduct an activity that supports both federal and nonfederal candidates, the committee must follow the allocation rules. See Chapter 10.

ORIGINAL DESIGNATION, APRIL REPORT

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
A. Committee to Reelect Sally Hayes		Date of Disbursement MM / DD / YYYY 12 / 30 / 2001		
Mailing Address 212 Inverted Forest Ave.		Amount of Each Disbursement this Period 10,000.00		
City New York State NY Zip Code 00000		Purpose of Disbursement Contribution		
Candidate Name Sally Hayes		Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		
State: NY District: 23		To be redesignated		

Additional Information on Candidates
Further information is required when itemizing a contribution to a candidate committee on Schedule B. List the candidate's name and the office sought (including the state and, if applicable, Congressional district). When itemizing a contribution or loan to a candidate committee, specify the election for which the payment was made by checking the appropriate category in the election designation box. 104.3(b)(3)(v).

Redesignations of Contributions

Use *memo entries* to show any redesignations of contributions.

If a contribution to a candidate is redesignated for a different election after the close of books, show the redesignation on the next report and indicate the report on which the original contribution was itemized.

In this illustration, the committee originally made a \$10,000 contribution to a candidate's campaign, intending half of it to count toward the general election. The committee itemized the contribution in its April quarterly report. The following month, the campaign requested that the committee redesignate the excessive \$5,000 for the general election campaign. The committee itemized the redesignation in its July quarterly report.

REDESIGNATION, JULY REPORT

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
A. Committee to Reelect Sally Hayes		Date of Disbursement MM / DD / YYYY 12 / 30 / 2001		
Mailing Address 212 Inverted Forest Ave.		Amount of Each Disbursement this Period 10,000.00		
City New York State NY Zip Code 00000		Purpose of Disbursement Contribution		
Candidate Name Sally Hayes		Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		
State: NY District: 23		MEMO (As originally reported in 2001 year-end)		
B. Committee to Reelect Sally Hayes		Date of Disbursement MM / DD / YYYY 02 / 28 / 2002		
Mailing Address 212 Inverted Forest Ave.		Amount of Each Disbursement this Period 5000.00		
City New York State NY Zip Code 00000		Purpose of Disbursement Contribution		
Candidate Name Sally Hayes		Category/Type 011		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) ▼		
State: NY District: 23		MEMO redesignation 2000 General debt		

Refunds Made by the Committee

When a committee refunds a contribution to a donor, the committee must include the disbursement in the total for the appropriate category of refund on the Detailed Summary Page (Line 28(a), (b) or (c)). If the committee previously itemized the incoming contribution on Schedule A, then it must itemize the refund on a Schedule B for the appropriate line number. 104.8(d)(4).

(A committee may return a contribution to the donor without depositing it, although the return must be made within 10 days of the treasurer's receipt of the contribution. 103.3(a). In this case, the committee does not have to report either the receipt or the return of the contribution.)

Refunds Received by the Committee

If a committee receives a refund of a contribution it has made, it must report the refund in one of two ways, depending on the circumstances described below. 104.8(d)(4).

Original Check Not Deposited

If a check to a candidate committee or other political committee is not deposited (e.g., if it is returned uncashed or is lost), report the amount as a negative entry on a Schedule B for Line 23, "Contributions to Federal Candidates and Other Political Committees." (The amount is subtracted from the total for Line 23.) See first example at right.³

Refunded by Recipient's Check

If the recipient committee deposits the contribution and then refunds it with its own check, itemize the refund, regardless of amount, on a Schedule A for Line 16, "Refunds of Contributions." See second example at right.

RETURNED OR VOIDED CONTRIBUTION

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
ITEMIZED DISBURSEMENTS			<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial)				
A. Ray Kinsella for Congress			Date of Disbursement MM / DD / YYYY 02 / 17 / 2002	
Mailing Address 2020 Pride Street				
City Syracuse State NY Zip Code 00000				
Purpose of Disbursement Contribution			Amount of Each Disbursement this Period -2500.00	
Candidate Name Ray Kinsella			Category/Type 011	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: NY District: 25				

Original check not deposited.

REFUNDED CONTRIBUTION

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
ITEMIZED RECEIPTS			<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input checked="" type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial)				
A. Lois Taggett in 2002 Committee			Date of Receipt MM / DD / YYYY 07 / 17 / 2002	
Mailing Address 320 Raise Ln.				
City Vienna State VA Zip Code 00000				
FEC ID number of contributing federal political committee. C 00000002			Amount of Each Receipt this Period 1000.00	
Name of Employer			Occupation	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			Aggregate Year-to-Date ▼ 1000.00	

Unlike returned contributions, contributions that are refunded by a check from the recipient are reported as receipts.

³ If the donor committee's original check was returned without being deposited during the reporting period in which the contribution was made, the donor committee need not report the attempted contribution or refund.

5. Reporting Disbursements: The Detailed Summary Page

Line-by-line instructions for filling out the Disbursements portion of the Detailed Summary Page are given below. See page 37 for information on how to itemize disbursements on Schedule B.

More information on reporting loans, debts and independent expenditures appears later in this chapter.

Line 21. Operating Expenditures

Line 21(a): Shared Federal/Nonfederal Activity

Report the total federal and nonfederal portions of shared operating expenditures separately on Lines 21(a)(i) and (ii). The numbers are taken from the bottom of Schedule H4. Line 21(a) is not used if the committee maintains only one account for federal and nonfederal activities or if the committee is not involved in nonfederal election activities.

Line 21(b): Other Federal Operating Expenditures

Report all operating expenditures other than shared operating expenditures on Line 21(b).

Itemize them on a Schedule B for Line 21(b) once payments to any payee exceed \$200 in a calendar year.

Line 21(c): Total Operating Expenditures

Report the total of Lines 21(a) and 21(b) on Line 21(c).

Line 22. Transfers-Out

Itemize transfers to *affiliated* committees, regardless of amount, on a Schedule B for Line 22. Enter the total from that schedule on the Detailed Summary Page.

Line 23. Contributions to Federal Candidates and Other Political Committees

Itemize all monetary and *in-kind contributions* made to *candidate committees* and other *political committees*, regardless of amount, on a Schedule B for Line 23. Report the total from that schedule on the Detailed Summary Page. Examples of itemized contributions to candidates are provided on page 36.

THE DETAILED SUMMARY PAGE

DETAILED SUMMARY PAGE of Disbursements		
FEC Form 3X (Revised 1/01)		Page 4
II. Disbursements	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
21. Operating Expenditures:		
(a) Shared Federal/Non-Federal Activity (from Schedule H4)		
(i) Federal Share	0	0
(ii) Non-Federal Share	0	0
(b) Other Federal Operating Expenditures	1195.00	2542.91
(c) Total Operating Expenditures (add 21(a)(i), (a)(ii), and (b))	1195.00	2542.91
22. Transfers to Affiliated/Other Party Committees	0	0
23. Contributions to Federal Candidates/Committees and Other Political Committees	24200.00	60975.00
24. Independent Expenditures (use Schedule E)	18751.88	18751.88
25. Coordinated Expenditures Made by Party Committees (2 U.S.C. §441a(d)) (use Schedule F)	0	0
26. Loan Repayments Made	0	0
27. Loans Made	0	0
28. Refunds of Contributions To:		
(a) Individuals/Persons Other Than Political Committees	120.00	120.00
(b) Political Party Committees	0	0
(c) Other Political Committees (such as PACs)	0	0
(d) Total Contribution Refunds (add Lines 28(a), (b), and (c))	120.00	120.00
29. Other Disbursements	500.00	990.00
30. Total Disbursements (add Lines 21(c), 22, 23, 24, 25, 26, 27, 28(d), and 29)	44766.88	83379.79
31. Total Federal Disbursements (subtract Line 21(a)(ii) from Line 30)	44766.88	83379.79
III. Net Contributions/Operating Expenditures		
32. Total Contributions (other than loans) (from Line 11(d), page 3)	20544.84	97967.46
33. Total Contribution Refunds (from Line 28(d))	120.00	120.00
34. Net Contributions (other than loans) (subtract Line 33 from Line 32)	20424.84	97847.46
35. Total Federal Operating Expenditures (add Line 21(a)(i) and Line 21(b))	1195.00	2542.91
36. Offsets to Operating Expenditures (from Line 15, page 3)	250.00	250.00
37. Net Operating Expenditures (subtract Line 36 from Line 35)	945.00	2292.91

Line 24. Independent Expenditures

Unlike other categories of disbursements, *independent expenditures* are itemized on Schedule E, as explained on page 42. Enter the total from Schedule E, Line (c), on Line 24.

Line 26. Loan Repayments

See page 43 for information on how to itemize the payments on Schedules B and C. Enter the total paid on loans on Line 26.

Line 27. Loans Made

See page 44 for information on how to report loans made by the committee on Schedules B and C. Enter the total amount loaned during the period on Line 27.

Line 28. Refunds of Contributions

Itemize a refund made by the committee only if the original contribution was itemized. Other rules for reporting contribution refunds made by the committee are in the directions for Line 16. Enter the total amount refunded during the period on Line 28.

OPERATING EXPENDITURES

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS				<input checked="" type="checkbox"/> 21b		<input type="checkbox"/> 22	
				<input type="checkbox"/> 23		<input type="checkbox"/> 24	
				<input type="checkbox"/> 25		<input type="checkbox"/> 26	
				<input type="checkbox"/> 27		<input type="checkbox"/> 28a	
				<input type="checkbox"/> 28b		<input type="checkbox"/> 28c	
				<input type="checkbox"/> 29			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full)							
Full Name (Last, First, Middle Initial)							
A. Egyptian Printing				Date of Disbursement			
Mailing Address				MM / DD / YYYY			
2345 Poplar Street				11 / 30 / 2001			
City		State		Zip Code		Amount of Each Disbursement this Period	
Alexandria		VA		00000		500.00	
Purpose of Disbursement				Category/Type			
PAC Letterhead				001			
Candidate Name				Disbursement For:			
Office Sought:				<input type="checkbox"/> Primary <input type="checkbox"/> General			
<input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President				<input type="checkbox"/> Other (specify) ▼			
State: District:							

Line 29. Other Disbursements

“Other disbursements” include donations made by the committee to nonfederal candidates and committees. Itemize “other disbursements” on a Schedule B for Line 29 when they exceed \$200 to the same payee during a calendar year. Enter the total of itemized and unitemized other disbursements on the Detailed Summary Page. See Example at left.

6. Investments

Principal

When the committee invests funds in a savings account, money market fund, certificate of deposit or similar type of account, the principal deposited must be included in the committee’s cash-on-hand total. (Investment properties, such as shares of stock, are not included in cash-on-hand.) The committee does not report this type of investment as a disbursement because the money is still a committee asset. 104.3(a)(1). See also AO 1990-2. (See page 15 for more information on committee investments.)

Additional Depositories

Funds Invested with Banks

If the committee invests its funds in an account at a *bank* that was not previously identified as a campaign depository on the committee’s Statement of Organization (FEC Form 1), the committee must file an amended Statement disclosing the name and address of the additional depository. The amendment must be filed within 10 days of opening the account. 102.2(a)(2).

Funds Invested with Other Establishments

If committee funds are invested in an account that is not operated by a *bank* (such as a money market account operated by a brokerage firm), no amendment to the Statement of Organization is required. However, before disbursing the funds in the account (principal and interest), the committee must first transfer them to a committee checking account maintained in a designated depository. 102.10 and 103.3(a). See also AOs 1999-08, 1997-06, 1986-18 and 1980-39.

CONTRIBUTIONS TO NONFEDERAL CANDIDATES

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS				<input type="checkbox"/> 21b		<input type="checkbox"/> 22	
				<input type="checkbox"/> 23		<input type="checkbox"/> 24	
				<input type="checkbox"/> 25		<input checked="" type="checkbox"/> 29	
				<input type="checkbox"/> 26		<input type="checkbox"/> 27	
				<input type="checkbox"/> 28a		<input type="checkbox"/> 28b	
				<input type="checkbox"/> 28c			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full)							
Full Name (Last, First, Middle Initial)							
A. Monty Burns for Governor				Date of Disbursement			
Mailing Address				MM / DD / YYYY			
100 Power Plant Way				10 / 08 / 2002			
City		State		Zip Code		Amount of Each Disbursement this Period	
Springfield		IL		00000		1000.00	
Purpose of Disbursement				Category/Type			
Nonfederal contribution				011			
Candidate Name				Disbursement For:			
Charles Montgomery Burns				<input type="checkbox"/> Primary <input type="checkbox"/> General			
Office Sought:				<input type="checkbox"/> Other (specify) ▼			
<input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President							
State: District:							

Itemize ‘other disbursements,’ such as nonfederal contributions, once they exceed \$200 per payee per calendar year.

Investment Income or Loss

Report interest income received during the reporting period in the "Other Receipts" category (Line 17) of the Detailed Summary Page. If investment income received from one source aggregates over \$200 during a calendar year, itemize the interest on a Schedule A for Line 17. To report an investment loss, enter the amount as a negative entry. 104.3(a)(4)(vi).

Income Tax

Include income taxes paid by the committee as other disbursements on Line 21. Itemize income tax payments on Schedule B only if they aggregate over \$200 per year to the same payee—i.e., the local, state or federal government.

7. Independent Expenditures

Schedule E

Itemize any *independent expenditure* which, by itself or when added to other independent expenditures made to the same payee during the same calendar year, exceeds \$200. Independent expenditures are itemized on Schedule E. A subtotal for itemized independent expenditures is entered on Line (a).

Independent expenditures of \$200 or less do not need to be itemized, though the committee must report the subtotal of those expenditures on Line (b). 104.3(b)(3)(vii)(C) and 104.4(a).

Enter the total of itemized and unitemized independent expenditures on Line (c) of Schedule E and on Line 24 of the Detailed Summary Page.

Certification

The treasurer must sign the statement on Schedule E which certifies, under the penalty of perjury, that the expenditure meets the standards of "independence" (see Chapter 6 for more information). The form must be notarized. 104.3(b)(3)(vii)(B)

INDEPENDENT EXPENDITURES

SCHEDULE E (FEC Form 3X)		ITEMIZED INDEPENDENT EXPENDITURES		PAGE 1 OF 1 FOR LINE 24 OF FORM 3X	
NAME OF COMMITTEE (In Full) Civil Republic PAC			FEC IDENTIFICATION NUMBER C 0000001		
Full Name (Last, First, Middle Initial) of Payee Athens Sentinel		Purpose of Expenditure Newspaper ad		Category/Type 004	
Mailing Address 301 Peach Street		Name of Federal Candidate supported or opposed by expenditure: Ginnie Mannon			
City Athens	State GA	Zip Code 00000	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> Presidential State: GA District: 03		
Date 08 / 09 / 2002	Amount 2535.69		Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose		
Full Name (Last, First, Middle Initial) of Payee The Daily Egyptian		Purpose of Expenditure Newspaper ad		Category/Type 004	
Mailing Address 221 Kahokia Ave		Name of Federal Candidate supported or opposed by expenditure: Dick Heffner			
City Carbondale	State IL	Zip Code 00000	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> Presidential State: IL District: 10		
Date 08 / 22 / 2002	Amount 5661.19		Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose		
Full Name (Last, First, Middle Initial) of Payee Laughing Man Communications		Purpose of Expenditure Billboards		Category/Type 004	
Mailing Address 101 Keystone Ave		Name of Federal Candidate supported or opposed by expenditure: John Gedsudski			
City Spring Mills	State PA	Zip Code 00000	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> Presidential State: PA District: 13		
Date 08 / 23 / 2002	Amount 10555.00		Check One: <input type="checkbox"/> Support <input checked="" type="checkbox"/> Oppose		
(a) SUBTOTAL of Itemized Independent Expenditures		18751.88			
(b) SUBTOTAL of Unitemized Independent Expenditures					
(c) TOTAL Independent Expenditures		18751.88			
Under penalty of perjury I certify that the independent expenditures reported herein were not made in cooperation, consultation, concert with, or at the request or suggestion of any candidate or any authorized committee or agent of such candidate or authorized committee. Furthermore, these expenditures did not involve the financing of dissemination, distribution, or republication in whole or in part of any campaign materials prepared by the candidate, his campaign committee, or their agent.		Subscribed and sworn to before me this		10 day of 10 / 2002	
Signature <i>Seymour Shoo</i>		My Commission expires:		02 / 12 / 2004	
Date 10 / 10 / 2002		NOTARY PUBLIC <i>Todd B...</i>			

FEC Schedule E (Form 3X) (Revised 1/01)
FE1AN042

Last-Minute Independent Expenditure Notices

The committee must notify the FEC, or other appropriate federal office (see page 23), of any independent expenditures aggregating \$1,000 or more made after the 20th day but more than 24 hours before the day of an election. The notice must be filed within 24 hours after the expenditure is made. The notice must include all the information required on Schedule E, including the notarized statement (a Schedule E may be used by paper filers for the notice). 104.4(b) and 104.5(g).

This reporting requirement applies to a written contract between the committee and a vendor to make an independent expenditure of more than \$1,000, regardless of when the obligation is paid. 100.8(a)(2).

The committee must report the last-minute expenditure a second time on Schedule E, filed with its next regular report. 104.4(a).

Committees may file their 24-hour reports using facsimile machines or electronic mail, unless the committee must file electronically. (Public Law 106-346).

8. Reporting Loans

Continuously itemize all loans received and made by the committee until they are repaid. All repayments made or received on a loan must also be itemized. 104.3(a)(4)(iv); 104.3(b)(3)(iii) and (vi); 104.3(d); 104.11. Procedures for reporting loans and loan repayments are explained below.

Reminder: Loans are considered contributions to the extent of the outstanding balance of the loan. 100.7(a)(1)(i). Loans from *banks*, however, are not considered contributions if made in the ordinary course of business. Endorsements and guarantees of bank loans, however, do count as contributions. 100.7(a)(1)(i) and (b)(11).

Loans Received by the Committee

Schedule A: Initial Receipt of Loan

Itemize the receipt of a loan, regardless of amount, on a separate Schedule A for Line 13 ("Loans Received").

Schedule B: Interest and Principal Payments

Report the interest paid on a loan as an operating expenditure, itemizing the payment on a Schedule B for Line 21(b) ("Operating Expenditures") once interest payments to the payee aggregate over \$200 in a calendar year. 100.8(a)(1)(i) and 104.3(b)(3)(i).

Payments to reduce the principal must be itemized, regardless of amount, on a separate Schedule B for Line 26 ("Loan Repayments Made"). 104.3(b)(3)(iii).

Schedule C: Continuous Reporting

In addition, report both the original loan and payments made to repay the loan on Schedule C each reporting period until the loan is repaid. 104.3(d) and 104.11. Instructions for Schedule C explain what information must be disclosed. Use separate Schedule C forms to itemize loans received and loans made.

The Schedule C balance of the total amount owed on loans is entered on Line 10 of the Summary Page ("Debts and Obligations Owed by the Committee") or, if the committee has other debts, the balance is carried over to Schedule D (see page 45).

INITIAL RECEIPT OF LOAN

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED RECEIPTS		<input type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12	<input type="checkbox"/> 15	<input type="checkbox"/> 17
Loans		<input checked="" type="checkbox"/> 13	<input type="checkbox"/> 14	<input type="checkbox"/> 16	<input type="checkbox"/> 17		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
Full Name (Last, First, Middle Initial) A. Second National Bank				Date of Receipt MM / DD / YYYY 07 / 14 / 2002			
Mailing Address 9 Varioni Street				City State Zip Code Alexandria VA 00000			
FEC ID number of contributing federal political committee. C				Amount of Each Receipt this Period \$5000.00			
Name of Employer Civil Republic PAC				Occupation President			
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date \$5000.00					

LOAN PAYMENT

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		<input type="checkbox"/> 21b	<input type="checkbox"/> 22	<input type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 29
Loans		<input checked="" type="checkbox"/> 26	<input type="checkbox"/> 27	<input type="checkbox"/> 28a	<input type="checkbox"/> 28b	<input type="checkbox"/> 28c	<input type="checkbox"/> 29
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
Full Name (Last, First, Middle Initial) A. Second National Bank				Date of Disbursement MM / DD / YYYY 08 / 02 / 2002			
Mailing Address 9 Varioni Street				City State Zip Code Alexandria VA 00000			
Purpose of Disbursement Loan Repayment				Amount of Each Disbursement this Period \$311.22			
Candidate Name 009				Category/Type 009			
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼					
State: VA		District: 009					

CONTINUOUS REPORTING OF LOAN

SCHEDULE C (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		PAGE OF	
LOANS				FOR LINE 13 OF FORM 3X	
NAME OF COMMITTEE (In Full) Civil Republic PAC					
LOAN SOURCE Full Name (Last, First, Middle Initial) Second National Bank				Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
Mailing Address 9 Varioni Street				City State ZIP Code Alexandria VA 00000	
Original Amount of Loan \$5,000.00		Cumulative Payment To Date \$311.22		Balance Outstanding at Close of This Period \$4,688.78	
TERMS		Date Incurred MM / DD / YYYY 07 / 14 / 2002		Date Due MM / DD / YYYY 07 / 14 / 2004	
Interest Rate 12.00 % (apr)		Secured: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
List All Endorsers or Guarantors (if any) to Loan Source					
1. Full Name (Last, First, Middle Initial) Sybil Carpenter				Name of Employer Carpenter Inc.	
Mailing Address 10500 Perfect Square				Occupation President	
City State ZIP Code Whirly Wood CT 00000				Amount Guaranteed Outstanding: \$4,668.78	

Schedule C-1: Additional Information for Bank Loans

A committee that obtains a loan from a bank must also file Schedule C-1 with the first report due after a new loan or line of credit has been established. 104.3(d)(1). A new Schedule C-1 must also be filed with the next report if the terms of the loan or line of credit are restructured.

Additionally, in the case of a committee that has obtained a line of credit, a new Schedule C-1 must be filed with the next report whenever the committee draws on the line of credit. 104.3(d)(1) and (3).

Line-by-line instructions for filling out Schedule C-1 are included with the form. The committee treasurer or designated assistant treasurer must sign the schedule on Line G and attach a copy of the loan agreement. 104.3(d)(2). Electronic filers must submit a signed Schedule C-1 and a copy of the loan agreement in addition to filing the schedules electronically.

Finally, an authorized representative of the lending institution must sign the statement on Line I.

Schedule D: Debt and Obligations Excluding Loans

A committee that fails to pay interest on a loan must report the accrued interest on Schedule D. 104.3(d) and 104.11. See also MUR 3418.

Loans Made by the Committee

Schedule B: Outgoing Loan

When making a loan to another organization, itemize the disbursement, regardless of amount, on a Schedule B for Line 27 ("Loans Made"). 104.3(b)(3)(vi).

Schedule A: Interest and Principal Payments Received

Report interest received on a loan on a Schedule A for Line 17 ("Other Receipts") if the payments aggregate over \$200 from the same source during the calendar year.

Itemize payments received that reduce the principal owed on a separate Schedule A for Line 14 ("Loan Repayments Received").

ADDITIONAL INFORMATION ON BANK LOANS AND LINES OF CREDIT

SCHEDULE C-1 (FEC Form 3X) LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS		Supplementary for Information found on Page ____ of Schedule C
Federal Election Commission, Washington, D.C. 20463 NAME OF COMMITTEE (In Full) Civil Republic PAC		FEC IDENTIFICATION NUMBER C 00000001
LENDING INSTITUTION (LENDER) Full Name Second National Bank	Amount of Loan \$5,000.00	Interest Rate (APR) 12.00 %
Mailing Address 9 Varioni Street	Date Incurred or Established 07 / 14 / 2002	Date Due 07 / 14 / 2004
City Alexandria	State VA	Zip Code 00000
A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, date originally incurred		
B. If line of credit, Amount of this Draw: Total Outstanding Balance:		
C. Are other parties secondarily liable for the debt incurred? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Endorsers and guarantors must be reported on Schedule C.)		
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes, specify: Cash on deposit		What is the value of this collateral? \$5,000.00 Does the lender have a perfected security interest in it? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify:		What is the estimated value?
A depository account must be established pursuant to 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B). Date account established: Address: City, State, Zip:		
F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.		
G. COMMITTEE TREASURER Typed Name Seymour Glass Signature <i>Seymour Glass</i>		DATE 07 / 14 / 2002
H. Attach a signed copy of the loan agreement.		
I. TO BE SIGNED BY THE LENDING INSTITUTION: I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above. II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness. III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set for the at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.		
AUTHORIZED REPRESENTATIVE Typed Name Mortimer Pennypacker Signature <i>Mortimer Pennypacker</i>		DATE 07 / 14 / 2002
Title Asst. Vice President		

Schedule C: Continuous Reporting

The original amount loaned and repayments received on it must be itemized on Schedule C each reporting period until the loan is repaid in full. Schedule C instructions explain what information must be disclosed. (Note that separate Schedule C forms are used to itemize loans received and loans made. Filers should label the forms accordingly.)

The Schedule C balance of the total outstanding loans owed to a committee is entered on Line 9 of the Summary Page ("Debts and Obligations Owed to the Committee") unless other types of debts are owed to the committee. In that case, the Schedule C total is carried over to Schedule D (see next page).

9. Reporting Debts Other Than Loans

Unpaid bills and written contracts or agreements to make *expenditures* are considered debts. 100.8(a)(2). Regularly recurring administrative expenses, like rent and salaries, do not have to be treated as debts until payment is due. 104.11(b); see 116.6. Report debts and obligations (other than loans) on Schedule D according to the following rules:

- A debt of \$500 or less is reportable once it has been outstanding 60 days from the date incurred (the date of the transaction, not the date the bill is received). The debt is disclosed on the next regularly scheduled report.
- A debt exceeding \$500 must be reported on the next report filed after the debt is incurred. 104.3(d); 104.11.

Use separate Schedule D forms for debts owed by the committee and debts owed to the committee. Label each schedule accordingly.

Debts Owed by the Committee

Use Schedule D to report:

- The outstanding amount owed on a debt or obligation including any unpaid interest accrued on a loan; and
- Payments made to reduce the debt.

Schedule D instructions explain what additional information is required.

Enter the Schedule D total of outstanding debts, plus the balance of loans owed by the committee (carried over from Schedule C, as explained above) on Line 10 of the Summary Page. Note that payments to reduce debts must also be reported under the appropriate category of disbursement on the Detailed Summary Page (for example, Line 21(b) for a payment on a bill for an operating expenditure).

Settlement of Debts

Special rules apply to debts that are forgiven or settled for less than their full amount. See page 59 for more information.

DEBTS AND OBLIGATIONS

SCHEDULE D (FEC Form 3X)		(Use separate schedule(s) for each numbered line)	PAGE OF FOR LINE NUMBER: (check only one) <input type="checkbox"/> 9 <input checked="" type="checkbox"/> 10
DEBTS AND OBLIGATIONS			
Excluding Loans			
NAME OF COMMITTEE (In Full) Civil Republic PAC			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor Snell Consultants		Nature of Debt (Purpose): Television Advertisement for Jessica Wahman for Senate.	
Mailing Address 109 Amsterdam Ave.			
City	State	Zip Code	
Staten Island, NY		00000	
Outstanding Balance Beginning This Period \$1,125.00			
Amount Incurred This Period \$0.00	Payment This Period \$562.79	Outstanding Balance at Close of This Period \$562.21	
B. Full Name (Last, First, Middle Initial) of Debtor or Creditor Theodore McArdle Designs		Nature of Debt (Purpose): Bumper Stickers for Citizens for Eleanor Kallo	
Mailing Address 17 Innsbruck Street			
City	State	Zip Code	
Carrollton, TX		00000	
Outstanding Balance Beginning This Period \$579.83			
Amount Incurred This Period \$0.00	Payment This Period \$0.00	Outstanding Balance at Close of This Period \$579.83	

Special Debt Reporting Problems

Debts of Unknown Amount

If the exact amount of a debt is not known, report the estimated amount of the debt. The committee should amend the report once a correct figure is known or include the correct figure in a later report. 104.11(b).

Unpayable Debts

If a debt cannot be paid because the creditor has gone out of business or cannot be located, the committee may write to the FEC to request permission to discontinue reporting the debt. The letter must demonstrate that the debt is at least two years old and that efforts to reach the creditor have been made. The committee must continue to report the debt until the Commission determines that the debt is unpayable. 116.9.

Disputed Debts

A *disputed debt* is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. 116.10. Until the creditor and committee

resolve the dispute (assuming the creditor did provide something of value), the committee must disclose:

- The amount the committee admits it owes;
- The amount the creditor claims is owed; and
- Any amounts the committee has paid the creditor.

Debts Owed to the Committee

Continuously report a debt owed to a committee on Schedule D if the debt exceeds \$500 or has been outstanding 60 days. 104.3(d) and 104.11. Payments received on the debt are also reported on Schedule D until the debt is retired. The payments must also be reported on the appropriate line number of the Detailed Summary Page and itemized on Schedule A if necessary.

Enter the Schedule D total of outstanding debts owed to a committee, plus the balance of outstanding loans carried over from Schedule C, on Line 9 of the Summary Page.

10. The Summary Page

Line 1. Name and Address

Fill in the committee's full name (including any abbreviations used) and mailing address. (See page 4, "Naming the Committee.")

Line 2. ID Number

Enter the committee's FEC identification number on Line 2. If the committee is filing its first report, it may not have yet received an ID number; in that case, the committee should leave this space blank.

A committee should include its ID number in all reports, statements, notices and other written communications with the FEC.

Line 3. New or Amended Report

Check the appropriate box to indicate whether the report is new (N) or amended (A).

Line 4. Type of Report

Check the appropriate box indicating the type of disclosure report being filed (e.g., quarterly; see page 25).

Line 5. Coverage Dates

The period covered by the report begins the day after the close of books of the last report filed by the committee. If the report is the first one filed by a committee, then the reporting period begins with the date of the committee's first activity.

Line 6. Cash on Hand

What Is Cash on Hand

Cash on hand includes funds held in checking and savings accounts, certificates of deposit, petty cash funds, traveler's checks, treasury bills and other investments valued at cost. 104.3(a)(1).

THE SUMMARY PAGE (PAGE 1)

FEC FORM 3X		REPORT OF RECEIPTS AND DISBURSEMENTS For Other Than An Authorized Committee		Office Use Only	
1. NAME OF COMMITTEE (in full)		USE FEC MAILING LABEL OR TYPE OR PRINT ▼	Example: If typing, type over the lines.		12FE4M5
		Civil Republic PAC			
ADDRESS (number and street)		123 Public Street			
<input type="checkbox"/> Check if different than previously reported. (ACC)		Jamestown		VA	00000-0000
2. FEC IDENTIFICATION NUMBER ▼		CITY ▲	STATE ▲	ZIP CODE ▲	
C 00000001					
3. IS THIS REPORT		<input checked="" type="checkbox"/> NEW (N)	OR	<input type="checkbox"/> AMENDED (A)	
4. TYPE OF REPORT (Choose One)		(b) Monthly Report Due On:			
(a) Quarterly Reports: <input type="checkbox"/> April 15 Quarterly Report (Q1) <input type="checkbox"/> July 15 Quarterly Report (Q2) <input checked="" type="checkbox"/> October 15 Quarterly Report (Q3) <input type="checkbox"/> January 31 Year-End Report (YE) <input type="checkbox"/> July 31 Mid-Year Report (Non-election Year Only) (MY) <input type="checkbox"/> Termination Report (TER)		<input type="checkbox"/> Feb 20 (M2) <input type="checkbox"/> May 20 (M5) <input type="checkbox"/> Aug 20 (M8) <input type="checkbox"/> Nov 20 (M11) (Non-Election Year Only) <input type="checkbox"/> Mar 20 (M3) <input type="checkbox"/> Jun 20 (M6) <input type="checkbox"/> Sep 20 (M9) <input type="checkbox"/> Dec 20 (M12) (Non-Election Year Only) <input type="checkbox"/> Apr 20 (M4) <input type="checkbox"/> Jul 20 (M7) <input type="checkbox"/> Oct 20 (M10) <input type="checkbox"/> Jan 31 (YE)			
		(c) 12-Day PRE-Election Report for the:			
		<input type="checkbox"/> Primary (12P) <input type="checkbox"/> General (12G) <input type="checkbox"/> Runoff (12R) <input type="checkbox"/> Convention (12C) <input type="checkbox"/> Special (12S)			
		Election on [MM] / [DD] / [YYYY] in the State of []			
		(d) 30-Day POST-Election Report for the:			
		<input type="checkbox"/> General (30G) <input type="checkbox"/> Runoff (30R) <input type="checkbox"/> Special (30S)			
		Election on [MM] / [DD] / [YYYY] in the State of []			
5. Covering Period		[07] / [01] / [2002]	through	[09] / [30] / [2002]	
I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.					
Type or Print Name of Treasurer		Seymour Glass			
Signature of Treasurer				Date	[10] / [08] / [2002]
NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.					
Office Use Only		FEC FORM 3X (Revised 1/01)			

Line 6(a) On this line enter cash on hand as of January 1st of the reporting year.

Line 6(b) Cash on Hand at Beginning of Reporting Period.

The amount entered on this line should be the same as your cash on hand at the close of books of your last report.

First Report

Beginning cash on hand—i.e., money that the committee had in its possession at the time of registration—is subject to the contribution limits, prohibitions and disclosure requirements of federal law. (The committee must exclude any contributions that are not permissible under federal law and remove such contribu-

THE SUMMARY PAGE (PAGE 2)

SUMMARY PAGE OF RECEIPTS AND DISBURSEMENTS		
FEC Form 3X (Revised 1/01)	Page 2	
Write or Type Committee Name Civil Republic PAC		
Report Covering the Period: From:	MM / DD / YYYY 07 / 01 / 2002	To: MM / DD / YYYY 09 / 30 / 2002
	COLUMN A This Period	COLUMN B Calendar Year-to-Date
6. (a) Cash on Hand January 1, 2002		87820.25
(b) Cash on Hand at Beginning of Reporting Period	118894.35	
(c) Total Receipts (from Line 19)	29116.83	110764.79
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	148011.18	198585.04
7. Total Disbursements (from Line 30)	44766.88	95340.74
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	103244.30	103244.30
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	0	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	5830.82	
<input checked="" type="checkbox"/> This committee has qualified as a multicandidate committee. (see FEC FORM 1M)		
For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-694-1100		

tions from its federal account.) The committee should itemize *contributions* and other receipts included in the beginning cash-on-hand balance. See "When to Itemize Receipts," on page 29. 104.12.

Multicandidate Status

If the committee qualifies as a multicandidate committee, the treasurer must indicate that fact by checking the box at the bottom of page 2.

Treasurer's Name and Signature

The treasurer must sign and date Form 3X at the bottom of page one. Only a treasurer or assistant treasurer designated on Form 1 (Statement of Organization) may sign the report. 104.14(a). See Chapter 2 for more information on the treasurer's responsibilities. See also 'Electronic Filing' on page 26.

11. Filing Amendments

The committee must file an amended report if it:

- Discovers that an earlier report contained erroneous information; or
- Does not obtain required reporting information concerning a particular transaction until after the transaction has been reported.⁴ 104.7(b)(4).

Paper Filers

When filing an amendment to an original report, complete the Summary Page (including the treasurer's signature), indicating on #3 that the document is an amended report. In addition to the Summary Page, submit a corrected version of the schedule that contained the incomplete or incorrect itemized information in the earlier report, along with a revised Detailed Summary Page, if appropriate. Transactions originally reported correctly do not have to be itemized again. The Commission recommends that the treasurer attach a cover letter explaining the change.

Electronic Filers

Electronic filers must electronically re-submit the entire report, not just the amended portions. The amendments must be formatted to comply with the Electronic Filing Specifications Requirements on page 26.

⁴ With respect to contributor information received after a report has been filed, paper filers may, as an alternative, submit the information on a memo Schedule A attached to the next paper report filed after the information has been received. See "File Amendments If Necessary" on page 23.

CHAPTER 10

Shared Federal and Nonfederal Activities

This chapter explains rules that apply when a *nonconnected committee* chooses to support both federal and nonfederal candidates. The rules do not apply to committees that conduct only activities related to federal elections.

As explained below, a committee engaging in both federal and nonfederal election activity has two options:

- Set up one federal account that supports both federal and nonfederal candidates and report all activity to the FEC; or
- Set up two accounts—one for federal elections and another for state and local elections.

The second option permits the committee to maintain a nonfederal account that has no federal registration or reporting obligations. When conducting an activity that relates to both federal and nonfederal elections, however, the committee must allocate the costs between the two accounts.

1. Using One Account

A *nonconnected committee* may support both federal and nonfederal candidates and committees with one (federal) account, but all funds received for that account, regardless of how they are used, are subject to the prohibitions, contribution limits and reporting requirements of the Federal Election Campaign Act. 102.5(a)(1)(ii) and (2).

Reportable Nonfederal Activity by Federal Account

The committee must report all the activity of its federal account, including any activity related to nonfederal candidates.

See page 41 for information on how to report nonfederal disbursements made from the federal account.

State Law Applies

Any contribution or expenditure made in connection with a nonfederal election is subject to applicable state law. A committee should seek guidance from state election officials before engaging in nonfederal campaign activity.

2. Using Two Accounts

Federal Account

If two accounts are used, only the account used for federal elections (the federal account) has registration and reporting obligations under the Act. 102.5(a)(1)(i) and (2).

Nonfederal Account

An account used only for state and local elections (the nonfederal account) is generally not subject to the Act's registration and reporting requirements, nor is it subject to the Act's *contribution* limits or *solicitation* rules. (Nevertheless, federal law prohibits nonfederal committees from accepting contributions from foreign nationals, national banks and federally chartered corporations.)

Nonfederal committees are subject to state laws with respect to nonfederal election activities.

Transfers from the Nonfederal Account

The committee generally may not transfer funds from the nonfederal account to the federal account.

As an exception, the committee may transfer funds from a nonfederal account to a federal account to cover the nonfederal portion of expenses benefiting both federal and nonfederal candidates or committees. The transfer must be made according to the rules described in this chapter. 102.5(a)(1)(i).

3. Allocation Between Accounts

When a nonconnected committee uses separate accounts for activities connected with both federal and nonfederal elections, expenses for shared activities must be allocated between the accounts to ensure that the federal account pays its share of the costs associated with that activity. **Allocation is not required, however, if shared expenses are paid entirely by the federal account.**

Failure to allocate expenses when required could result in a contribution by the nonfederal account to the federal account—a violation of federal law. 102.5(a)(1)(i).

Activities That Must Be Allocated

See "Allocation Ratios," below, for information on how each of the following types of expenses must be allocated.

Administrative Expenses

Shared *administrative expenses* include, for example, rent, salaries and office supplies. 106.6(b)(2)(i). See Section 4 for reporting instructions. Such expenses must be allocated if the committee maintains federal and nonfederal accounts.

Fundraising for the Committee

Direct costs of a fundraising program or event are allocable if the committee raises funds for both its federal and nonfederal accounts through a shared event or activity. 106.6(b)(2)(ii). See also AO 2001-14. See Section 5 for reporting information.

Direct Candidate Support

A shared "direct candidate support" activity is an *in-kind contribution* or an *independent expenditure* that supports both federal and nonfederal candidates. 106.1(a).

Allocable in-kind contributions include, for example, payments for fundraising activities conducted on behalf of both federal and nonfederal candidates and payments for communications that support both federal and nonfederal candidates.

An independent expenditure must be allocated if it advocates the election or defeat of both federal and nonfederal candidates.

As explained above, a nonconnected committee must allocate direct candidate support expenses only if it uses separate federal and nonfederal accounts to pay

for them. See Section 6 (page 52) for more information about allocating candidate fundraising activities. See Section 7 (page 55) for more information about allocating communication costs.

Generic Voter Drives

A generic voter drive is an activity directed at the general public to urge support for a particular party, but not for particular candidates. 106.6(b)(2)(iii). Generic voter drive expenses are allocated the same way administrative expenses are allocated. See Section 4.

Payment of Allocable Expenses

Committees with separate federal and nonfederal accounts must use one of the following two methods to pay allocable expenses:

Payment from Federal Account

The committee may pay the entire amount from its federal account, transferring funds from the nonfederal account to the federal account only to cover the nonfederal share of allocable expenses. 106.6(e)(1)(i).

Payment from Allocation Account

The committee may establish a separate *allocation account* for the sole purpose of paying joint federal and nonfederal expenses. 106.6(e)(1)(ii).

Under the second option, the committee transfers funds from both the federal and nonfederal accounts to the separate allocation account in amounts equal, respectively, to the federal and nonfederal shares of each allocable expense. The allocation account is considered a federal account, and the committee must include the account's receipts and disbursements in its FEC reports. 106.6(e)(1)(ii).

Timing of Internal Transfers

The committee must transfer funds from the nonfederal account to the federal account (or to the allocation account) within a 70-day "window"—not more than 10 days before or 60 days after the original payment to the vendor. (A transfer from the federal account to the allocation account is permissible at any time and is not reported.) 106.6(e)(2)(ii)(B).

Time limits also apply to adjustments of the allocation ratio and corresponding transfers, which may be required after an activity where federal and nonfederal funds are raised. See page 51. 106.6(d)(2).

4. Allocating Administrative and Generic Voter Drive Expenses

When Required

A nonconnected committee using separate federal and nonfederal accounts must allocate shared *administrative expenses* and costs of generic voter drives.

Note that expenses incurred in connection with activities directly supporting candidates (such as advertisements supporting or voter drives supporting specific candidates) are considered *in-kind contributions* or *independent expenditures*.

Required Forms

- **Schedule B**—Itemized Disbursements
- **Schedule H1**—Allocation Ratio for Administrative Expenses
- **Schedule H3**—Transfers from Nonfederal to Federal Account
- **Schedule H4**—Payments for Allocable Expenses

Allocation Ratio

On Schedule H1, the committee reports the allocation ratio of shared administrative expenses and costs of generic voter drives. The schedule is filed with the first report filed during a two-year *election cycle*. The committee estimates the federal share using the "funds expended" ratio, i.e., the ratio of federal *expenditures* to total federal and nonfederal disbursements during the cycle (excluding overhead costs). The estimated federal share is based on the previous election cycle's payments for direct candidate support or on a reasonable estimate of the upcoming cycle's payments for support of federal and nonfederal candidates. 106.6(c)(1).

Payments

The committee makes all allocable payments for administrative expenses from its federal account (or separate allocation account). 106.6(e)(1). Each payment is itemized on Schedule H4, and the federal and nonfederal shares are included in the total for Line 21(a) (Shared Federal/Nonfederal Operating Expenses) of the Detailed Summary Page.

ALLOCATION OF ADMINISTRATIVE EXPENSES

SCHEDULE H1 (FEC Form 3X)
METHOD OF ALLOCATION FOR SHARED FEDERAL AND NON-FEDERAL ADMINISTRATIVE EXPENSES AND GENERIC VOTER DRIVE COSTS

NAME OF COMMITTEE (In Full)
 Hapworth PAC

USE ONLY ONE SECTION

C. SEPARATE SEGREGATED FUNDS AND NON-CONNECTED COMMITTEES

FUNDS EXPENDED:

- Estimated Direct Candidate Support -- Federal 20.00 %
- Estimated Direct Candidate Support -- Non-Federal 80.00 %

ADJUSTMENTS TO FUNDS EXPENDED:

- Actual Direct Candidate Support -- Federal %
- Actual Direct Candidate Support -- Non-Federal %

The “event year-to-date” figure entered for each payment represents the total spent on all allocated administrative expenses as of the date of payment.

Transfers

The committee may transfer the nonfederal portion of an administrative expense or generic voter drive expenses within the 70-day window described in Section 3. 106.6(e)(2)(ii). The committee reports these transfers from the nonfederal account to the federal account on Schedule H3. The amount is also included on Line 18 of the Detailed Summary Page.

Adjustments to Ratio

During the election cycle, if the actual allocation ratio for these expenses changes from the one estimated at the beginning of the cycle, the committee must file an adjusted Schedule H1 to reflect the revised ratio.

If an adjustment to the ratio indicates that the nonfederal account has paid more than its allocable share of administrative and generic voter drive expenses, then the committee must transfer funds from its federal account to its nonfederal account to make up for the excessive nonfederal payment. Any transfers from the federal account are reported on Schedule H4 and included in the total for Line 21(a)(i) on the Detailed Summary Page.

5. Allocating Committee Fundraising Expenses

When Required

When a nonconnected committee raises money for both its federal and nonfederal accounts, the costs of the fundraising event or activity must be allocated between those accounts. However, the federal account could pay 100 percent of the costs without reimbursement and avoid the need to allocate.

Note that expenses incurred in connection with activities directly supporting candidates (such as fundraising for candidates) are not considered the committee’s own fundraising expenses, and the committee must report them as *in-kind contributions*. See Section 6.

PAYMENTS (ADMINISTRATIVE EXPENSES)

DISBURSEMENT SCHEDULE H4 (FEC Form 3X)				PAGE OF	
JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC					
A. Full Name (Last, First, Middle Initial) Howard Ridgefield			Type of Allocated Activity: <input checked="" type="checkbox"/> Admin./Voter Drive <input type="checkbox"/> Exempt <input type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support		
Mailing Address 146 Blue Street					
City Windsor	State OH	Zip Code 00000	Category/Type 001	Event Year-To-Date \$1,000.00	
Purpose/Event: Salary			Date 01 / 01 / 2002		
Description:					
FEDERAL SHARE \$200.00		NON-FEDERAL SHARE \$800.00		TOTAL AMOUNT \$1,000.00	

TRANSFERS (ADMINISTRATIVE EXPENSES)

SCHEDULE H3 (FEC Form 3X)			PAGE OF	
TRANSFERS FROM NON-FEDERAL ACCOUNTS			FOR LINE 18 OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC				
NAME OF ACCOUNT Hapworth Nonfederal PAC	DATE OF RECEIPT 02 / 01 / 2002	TOTAL AMOUNT TRANSFERRED \$800.00		
BREAKDOWN OF TRANSFER RECEIVED				
ADMINISTRATIVE/VOTER DRIVE AMOUNT				
i) Total Administrative/Voter Drive			\$800.00	

Required Forms

- **Schedule B**—Itemized Disbursements
- **Schedule H2**—Allocation Ratios
- **Schedule H3**—Transfers from Nonfederal to Federal Account
- **Schedule H4**—Payments for Allocable Expenses

Allocation Ratio

If the committee raises money for both its federal and nonfederal accounts through the same fundraising program or event, the costs directly associated with the program or event are allocated using the “funds received” ratio, i.e., the ratio of funds received for federal activities to total funds raised through the program or event. The committee must estimate the ratio prior to beginning the solicitations and report the ratio on Schedule H2.

The committee must also give each fundraising program a unique name or code. 104.10(b)(2) and 106.6(d).

Payments

The committee pays for fundraising expenses from its federal account (or separate allocation account). 106.6(e)(1). The nonfederal account may transfer its allocable share to the federal account as described below. The federal and nonfederal shares of the payments are reported on Schedule H4 and included in the total for Line 21(a) (Shared Federal/ Nonfederal Operating Expenses) of the Detailed Summary Page.

The “year-to-date” figure entered for each fundraising payment represents the total spent on *that* committee fundraising event as of the date of payment.

Transfers

The committee reports transfers from the nonfederal account to the federal account for shared fundraising expenses on Schedule H3. The transfer must be made within the 70-day window described in Section 3. 106.6(e)(2)(ii).

Adjustments to Ratio

After a particular fundraising program or event, the committee may need to adjust the allocation ratio reported for the event on Schedule H2 to reflect the federal and nonfederal shares of the actual receipts. The committee must determine whether such an adjustment is necessary within 60 days after the date of the fundraising event.¹ The adjusted ratio should be noted on a Schedule H2 filed with the committee's next report.

If an adjustment indicates that the nonfederal account paid more than its allocable share of expenses for the event, the committee must transfer funds from its federal account to its nonfederal account to avoid an excessive payment by the nonfederal account. Any transfers from the federal account to the nonfederal account made as a result of the revision must be reported on Schedule H4 and included in the total for Line 21(a)(i) on the Detailed Summary Page in the committee's next regular report. Further adjustments and transfers from the federal account may be necessary if additional federal receipts come in.

If an adjustment indicates that the federal account paid more than its share of allocable expenses, the committee may transfer funds from the nonfederal account to make up for the excessive nonfederal payment. Such transfers, however, may only be made within 60 days after the event. 106.6(d)(2). Transfers from the nonfederal account are itemized on a Schedule H3 and included in the total for Line 18 on the Detailed Summary Page.

ADJUSTMENTS TO RATIO (COMMITTEE FUNDRAISING)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS		
NAME OF COMMITTEE (In Full)		PAGE OF
Hapworth PAC		
ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.		
Methods of allocation:		
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.		
II. EXEMPT activities are allocated using the "time and space method" where the federal proportion of disbursements is based on the proportion of time or space devoted to federal candidates.		
III. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.		
NAME OF ACTIVITY OR EVENT	FEDERAL %	NON-FEDERAL %
Direct Mailing Campaign (event date 9/23/02)	55.00 %	45.00 %
ACTIVITY IS:		
<input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Direct Candidate Support		
CHECK IF THE RATIO IS:		
<input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported		

Step one: Within 60 days after the end of a fundraising event, determine whether an adjustment is necessary to reflect the actual federal and nonfederal shares of the expenses related to the activity or event. File a new H2 with the next regular report showing the revised allocation ratio for the activity or event.

DISBURSEMENT SCHEDULE H4 (FEC Form 3X) JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE		
NAME OF COMMITTEE (In Full)		PAGE OF
Civil Republic PAC		FOR LINE 21a OF FORM 3X
A. Full Name (Last, First, Middle Initial)	Type of Allocated Activity:	
Civil Republic Nonfederal PAC	<input type="checkbox"/> Admin./Voter Drive <input checked="" type="checkbox"/> Fundraising	
Mailing Address	<input type="checkbox"/> Exempt <input type="checkbox"/> Direct Candidate Support	
146 Seal Street	Event Year-To-Date	
City State Zip Code	\$1,000.00	
Hartford CT 00000	Date	
Purpose/Event:	M M / D D / Y Y Y Y	
Direct Mail Campaign (event date 9/23/02)	11 / 19 / 2002	
Description:	Date	
Ratio adjustment transfer	Date	
FEDERAL SHARE	+	NON-FEDERAL SHARE
\$108.45		0
		=
		TOTAL AMOUNT
		\$108.45

Step Two: If the nonfederal account paid more than its fair share of fundraising expenses, the committee must make an appropriate transfer from the federal account to the nonfederal account, up to 60 days after the activity or event. Itemize the transfer on H4, as shown. Because fundraising expenses are operating expenditures, the same amount is included on Line 21(a)(1) of the Detailed Summary Page (not shown).

¹ For direct mail fundraising the event date is the day on which the final solicitations are mailed.

ADJUSTMENTS TO RATIO (COMMITTEE FUNDRAISING) CONTINUED

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS			PAGE	OF
			FOR LINE 18 OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC				
NAME OF ACCOUNT Hapworth Nonfederal PAC	DATE OF RECEIPT MM / DD / YYYY 11 / 19 / 2002	TOTAL AMOUNT TRANSFERRED \$108.45		
BREAKDOWN OF TRANSFER RECEIVED				
ADMINISTRATIVE/VOTER DRIVE AMOUNT				
i) Total Administrative/Voter Drive				
DIRECT FUNDRAISING AMOUNT				
ii) Direct Fundraising (List Events-Amout For Each)				
a) Direct mail campaign (9/23/02)	\$108.45			
b) _____				

Step Two (Alternate): If the federal account paid more than its share of the fundraising expenses, the committee may make an appropriate transfer from the nonfederal account up to 60 days after the activity or event. Itemize the receipt of the transfer on a Schedule H3 and include the amount on Line 18 of the Detailed Summary Page (not shown).

UNIQUE IDENTIFIER AND ALLOCATION RATIO (FUNDRAISING FOR CANDIDATES)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS			PAGE	OF
NAME OF COMMITTEE (In Full) Hapworth PAC				
ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.				
Methods of allocation:				
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.				
II. EXEMPT activities are allocated using the "time and space method" where the federal proportion of disbursements is based on the proportion of time or space devoted to federal candidates.				
III. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.				
NAME OF ACTIVITY OR EVENT Dinner-Dance 2002 (event date 8/28/02)	FEDERAL % 50.00 %	NON-FEDERAL % 50.00 %		
ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Direct Candidate Support				
CHECK IF THE RATIO IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported				

6. Allocating Costs of Fundraising for Candidates

This section explains how to allocate the costs of a direct candidate support activity that raises money for both federal and nonfederal candidates. The explanation is based on the following scenario:

EXAMPLE: Each election year Hapworth PAC, a nonconnected committee with separate federal and nonfederal accounts, sponsors a fundraising dinner-dance to benefit federal and nonfederal candidates in a particular state.

In 2002, the committee plans to use the event to raise money for five candidates—a Senate candidate, a House candidate and three candidates for the state legislature. In past election years the committee has raised about \$5,000 for all participating candidates, and the committee has customarily divided the proceeds evenly between the federal and the nonfederal candidates. In 2002, Hapworth PAC expects the two federal candidates to split half the proceeds, while the three state candidates will evenly divide the other half.

The total cost of the event is expected to be \$1,000. The costs are *in-kind contributions* to the candidates.

Required Forms

- **Schedule B:** Itemized Disbursements
- **Schedule H2:** Allocation of Expenses for Shared Activities
- **Schedule H3:** Transfers from Nonfederal to Federal Account
- **Schedule H4:** Disbursements for Joint Federal/Nonfederal Expenses

Unique Identifier

Every allocable direct candidate support activity must be assigned a unique identifying name or code. On Schedule H2, Hapworth PAC uses "Dinner-Dance 2002" as the event's unique identifier. When referring to the dinner-dance in subsequent schedules and reports, the committee must continue to use "Dinner-Dance 2002." 104.10(a)(1).

PAYMENTS (FUNDRAISING FOR CANDIDATES)

DISBURSEMENT SCHEDULE H4 (FEC Form 3X)				PAGE OF	
JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC					
A. Full Name (Last, First, Middle Initial) Ritz Hotel			Type of Allocated Activity: <input type="checkbox"/> Admin./Voter Drive <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support		
Mailing Address 72 Dufarge Street			Event Year-To-Date \$1,000.00		
City New York	State NY	Zip Code 00000	Date 08 / 28 / 2002		
Purpose/Event: Dinner-Dance 2002			Category/Type 011		
Description: Ballroom rental - See Sched. B ln. 23 for Fed. Share					
FEDERAL SHARE MEMO +		NON-FEDERAL SHARE		= TOTAL AMOUNT	
\$500.00		\$500.00		\$1,000.00	

Allocation Ratio

Because the dinner-dance is a fundraising event for candidates, the committee allocates the \$1,000 expected total costs according to the "funds received ratio" (i.e., funds received by federal candidates compared with funds received by all candidates). Since Hapworth PAC expects that half the proceeds will go to federal candidates and half to nonfederal candidates, the funds received ratio is 1/2. Expressing this ratio in percentages, Hapworth PAC enters 50 percent federal and 50 percent nonfederal in the appropriate spaces on Schedule H2, 106.1(a)(1). To indicate the purpose of the event, the committee checks the "Direct Candidate Support" box.

SCHEDULE B (FEC Form 3X)		FOR LINE NUMBER:		PAGE OF	
ITEMIZED DISBURSEMENTS		(check only one)			
Use separate schedule(s) for each category of the Detailed Summary Page		<input type="checkbox"/> 21b	<input type="checkbox"/> 22	<input checked="" type="checkbox"/> 23	<input type="checkbox"/> 24
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 26	<input type="checkbox"/> 27	<input type="checkbox"/> 28a	<input type="checkbox"/> 28b
		<input type="checkbox"/> 28c	<input type="checkbox"/> 29		
NAME OF COMMITTEE (In Full) Hapworth PAC					
A. Full Name (Last, First, Middle Initial) Ritz Hotel			Date of Disbursement 08 / 28 / 2002		
Mailing Address 72 Dufarge St.			Amount of Each Disbursement this Period \$500.00		
City New York	State NY	Zip Code 00000	(in-kind) See allocation below		
Purpose of Disbursement Ballroom rental: Dinner-Dance 2002			Category/Type 011		
Candidate Name					
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				
State: NY	District: 01				
B. Full Name (Last, First, Middle Initial) Jane Mathewson for Congress					
Mailing Address 123 Fake Street			Date of Disbursement 08 / 28 / 2002		
City Jacksonville	State FL	Zip Code 00000	Amount of Each Disbursement this Period \$250.00		
Purpose of Disbursement			MEMO		
Candidate Name Jane Mathewson			Category/Type		
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				
State: FL	District: 02				
C. Full Name (Last, First, Middle Initial) Jim Thompson for Senate					
Mailing Address 318 W. Oak Street			Date of Disbursement 08 / 28 / 2002		
City Sacramento	State CA	Zip Code 00000	Amount of Each Disbursement this Period \$250.00		
Purpose of Disbursement			MEMO		
Candidate Name Jim Thompson			Category/Type		
Office Sought: <input checked="" type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				
State: CA	District:				

Payments

Hapworth PAC pays the bills for the event from its federal account (or separate allocation account) and reports the payments on Schedule H4. (See illustration.) Because the payments are in-kind contributions, the federal share of the costs is cross-referenced to a Schedule B for Line 23 and included in the total figure for Line 23 (Total Contributions to Federal Candidates) on the Detailed Summary Page.

On each page, the committee uses "Dinner-Dance 2002" (the unique identifier) as the name of the event. 106.6(e)(1). The "event year-to-date" figure represents the aggregate amount spent on the dinner-dance (to all payees) as of the date of payment. An illustration is provided to the left.

Transfer of Funds

To cover the nonfederal share of the costs of the dinner-dance, Hapworth PAC transfers \$500 from the nonfederal account to the federal account. The amount transferred is one half of the \$1,000 total payments for the ballroom. The transfer is made within the 70-day window described in Section 3 (page 49). 106.6(e)(2)(ii)(B).

Hapworth PAC reports the receipt of the transfer on Schedule H3, as illustrated here. The amount is also included on Line 18 of the Detailed Summary Page.

Adjustments

At a later date, Hapworth PAC may have to adjust the allocation ratio for the event if the federal candidates receive a different proportion of the actual funds raised than was originally reported on Schedule H2. The adjusted allocation ratio must be reported on a new Schedule H2 filed with the next report.

As a result of adjusting the allocation ratio, the nonfederal share of the payments for the event may be less than the nonfederal account originally paid. In that case, the federal account must reimburse the nonfederal account for its excessive payments and report the reimbursement on Schedule H4. The reimbursement must also be included in the Line 23 total on the Detailed Summary Page and itemized on Schedule B. 106.6(d)(2).

On each page, the committee uses "Dinner-Dance 2002" (the unique identifier) as the name of the event. 106.6(e)(1). The "event year-to-date" figure represents the aggregate amount spent on the dinner-dance (to all payees) as of the date of payment. An illustration is provided here.

TRANSFERS (FUNDRAISING FOR CANDIDATES)

SCHEDULE H3 (FEC Form 3X)			PAGE	OF
TRANSFERS FROM NON-FEDERAL ACCOUNTS			FOR LINE 18 OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC				
NAME OF ACCOUNT Hapworth Nonfederal PAC	DATE OF RECEIPT 09 / 13 / 2002	TOTAL AMOUNT TRANSFERRED \$500.00		
iii) Exempt Activity/Direct Candidate Support (List Events-Amount For Each)				
a) Dinner-Dance 2002 (8/28/02)			\$500.00	

ADJUSTMENTS (FUNDRAISING FOR CANDIDATES)

SCHEDULE H2 (FEC Form 3X)			PAGE	OF
ALLOCATION RATIOS			FOR LINE 18 OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC				
ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.				
Methods of allocation:				
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.				
II. EXEMPT activities are allocated using the "time and space method" where the federal proportion of disbursements is based on the proportion of time or space devoted to federal candidates.				
III. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.				
NAME OF ACTIVITY OR EVENT Dinner-Dance 2002 (event date 8/28/02)			FEDERAL %	NON-FEDERAL %
ACTIVITY IS: <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support			55.00 %	45.00 %
CHECK IF THE RATIO IS: <input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported				

Step One: File a new H2 showing the revised allocation ratio for the event.

DISBURSEMENT SCHEDULE H4 (FEC Form 3X)				PAGE	OF
JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC					
A. Full Name (Last, First, Middle Initial) Hapworth Nonfederal PAC			Type of Allocated Activity: <input type="checkbox"/> Admin./Voter Drive <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support		
Mailing Address 146 Seal Street			Event Year-To-Date \$1,093.47		
City Hartford	State CT	Zip Code 00000	Category/ Type 011	Date 10 / 19 / 2002	
Purpose/Event: Dinner-Dance 2002 (8/28/02)			Description: Ratio adjustment transfer - See Sched. B ln. 23 for Fed		
FEDERAL SHARE MEMO +		NON-FEDERAL SHARE	TOTAL AMOUNT		
\$93.47		0	\$93.47		

Step Two: Itemize the adjustment on H4, as shown. Since the adjustment represents a federal in-kind contribution. Cross-reference the 'federal share' of the adjustment to Schedule B for Line 23, 'Contributions to Federal Candidates.' The federal share is the entire amount of the adjustment.

ADJUSTMENTS (FUNDRAISING FOR CANDIDATES) CONTINUED

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one) <input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Hapworth PAC				
Full Name (Last, First, Middle Initial)				
A. Hapworth Nonfederal PAC			Date of Disbursement	
Mailing Address 123 Public Rd.			<input type="text" value="MM"/> <input type="text" value="DD"/> / <input type="text" value="YY"/> <input type="text" value="YY"/>	
City Jamestown State VA Zip Code 00000			Amount of Each Disbursement this Period	
Purpose of Disbursement Ratio adjustment: Dinner-Dance 2002			<input type="text" value=""/>	\$93.47
Candidate Name			<input type="text" value="011"/>	(in-kind) See allocation below
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:				
Full Name (Last, First, Middle Initial)				
B. Jane Mathewson for Congress			Date of Disbursement	
Mailing Address 742 Fake Street			<input type="text" value="MM"/> <input type="text" value="DD"/> / <input type="text" value="YY"/> <input type="text" value="YY"/>	
City Jacksonville State FL Zip Code 00000			Amount of Each Disbursement this Period	
Purpose of Disbursement			<input type="text" value=""/>	\$46.74
Candidate Name Jane Mathewson			<input type="text" value=""/>	MEMO
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: FL District: 00				
Full Name (Last, First, Middle Initial)				
C. Jim Thompson for Senate			Date of Disbursement	
Mailing Address 318 W. Oak Street			<input type="text" value="MM"/> <input type="text" value="DD"/> / <input type="text" value="YY"/> <input type="text" value="YY"/>	
City Sacramento State CA Zip Code 00000			Amount of Each Disbursement this Period	
Purpose of Disbursement			<input type="text" value=""/>	\$46.74
Candidate Name Jim Thompson			<input type="text" value=""/>	MEMO
Office Sought: <input type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: CA District:				

Step Three: Itemize the payment to the nonfederal account on Schedule B, indicating that it is an adjustment for a revised allocation ration. Since the event supported more than one candidate, the payment is allocated between them.

7. Allocating Costs of Communications for Candidates

When a committee uses *public political advertising* to support both federal and nonfederal candidates, the allocable federal share of the costs of the communication is either an *in-kind contribution* or an *independent expenditure*. This section's explanation of the rules for allocating these costs is based on the following scenario:

EXAMPLE: Hapworth PAC, a nonconnected committee, maintains a separate nonfederal account for use in state and local elections. During the 2002 election year, Hapworth PAC plans to purchase several advertisements in local newspapers to urge voters to support four candidates: a candidate for governor, a candidate for state treasurer, a candidate for secretary of state and a candidate for the U.S. Senate. Equal space in the advertisements will be devoted to each candidate.

The total cost for running the advertisements is \$4,250.

Required Forms

- **Schedule B:** Itemized Disbursements (if communications are in-kind contributions)
- **Schedule E:** Itemized Independent Expenditures (if communications qualify)
- **Schedule H2:** Allocation of Expenses for Shared Activities
- **Schedule H3:** Transfers from Nonfederal to Federal Account
- **Schedule H4:** Disbursements for Joint Federal/Nonfederal Activity

Unique Identifier

Every direct candidate support activity must be assigned a unique identifying name or code. On Schedule H2, Hapworth PAC lists "Newspaper Campaign 02" as the unique identifier for the activity. The committee will use "Newspaper Campaign 02" to refer to the advertisements in all future reports. 104.10(a)(1).

Allocation Ratio

Because "Newspaper Campaign 02" involves advertising, the committee uses a "time and space ratio" to allocate the \$4,250 total expected cost on Schedule H2. 106.1(a)(1). In this case, the ratio of space devoted to federal candidates to space used for all candidate is 1/4. (The committee would base its allocation on time if the advertisements were broadcast.)

Expressing the allocation ratio in percentages, Hapworth PAC enters 25 percent federal and 75 percent nonfederal in the appropriate spaces on Schedule H2, as illustrated.

Payments

Hapworth PAC makes all allocable payments from its federal account (or separate allocation account) and itemizes them on Schedule H4, as illustrated. Because the payments are independent expenditures, the federal share is itemized on Schedule E and included in the total figure for Line 24 (Total Independent Expenditures) of the Detailed Summary Page.

The "event year-to-date" figure represents the aggregate amount paid to all payees for "Newspaper Campaign '02" as of the date of payment. An illustration is provided to the right.

UNIQUE IDENTIFIER AND ALLOCATION RATIO (COMMUNICATIONS FOR CANDIDATES)

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS		PAGE	OF
NAME OF COMMITTEE (In Full) Hapworth PAC			
ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.			
Methods of allocation:			
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.			
II. EXEMPT activities are allocated using the "time and space method" where the federal proportion of disbursements is based on the proportion of time or space devoted to federal candidates.			
III. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.			
NAME OF ACTIVITY OR EVENT Newspaper Campaign '02		FEDERAL %	NON-FEDERAL %
ACTIVITY IS: <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support		25.00 %	75.00 %
CHECK IF THE RATIO IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported			

PAYMENTS (COMMUNICATIONS FOR CANDIDATES)

DISBURSEMENT SCHEDULE H4 (FEC Form 3X) JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE		PAGE	OF
		FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Hapworth PAC			
A. Full Name (Last, First, Middle Initial) New Haven Herald		Type of Allocated Activity: <input type="checkbox"/> Admin./Voter Drive <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support	
Mailing Address 21129 Kuehn Rd.		Event Year-To-Date \$2,000.00	
City New Haven	State CT	Zip Code 00000	Category/Type 004
Purpose/Event: Newspaper Campaign '02		Date 10 / 06 / 2002	
Description: Advertisement (see Schedule E)			
FEDERAL SHARE MEMO +		NON-FEDERAL SHARE = TOTAL AMOUNT	
\$500.00		\$1,500.00 \$2,000.00	
B. Full Name (Last, First, Middle Initial) Manchester Gazette		Type of Allocated Activity: <input type="checkbox"/> Admin./Voter Drive <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input checked="" type="checkbox"/> Direct Candidate Support	
Mailing Address 1 Memorial Circle		Event Year-To-Date \$2,250.00	
City Manchester	State NH	Zip Code 00000	Category/Type 004
Purpose/Event: Newspaper Campaign '02		Date 10 / 06 / 2002	
Description: Advertisement (see Schedule E)			
FEDERAL SHARE MEMO +		NON-FEDERAL SHARE = TOTAL AMOUNT	
\$562.50		\$1,687.50 \$2,250.00	

PAYMENTS (COMMUNICATIONS FOR CANDIDATES) CONTINUED

SCHEDULE E (FEC Form 3X) ITEMIZED INDEPENDENT EXPENDITURES		PAGE OF FOR LINE 24 OF FORM 3X
NAME OF COMMITTEE (In Full) Hapworth PAC		FEC IDENTIFICATION NUMBER C 00000004
Full Name (Last, First, Middle Initial) of Payee New Haven Herald	Purpose of Expenditure Ad: Newspaper Campaign 2002	Category/Type 004
Mailing Address 21129 Kuehn Rd.	Name of Federal Candidate supported or opposed by expenditure: Giles Weaver	
City New Haven State CT Zip Code 00000	Office Sought: House <input type="checkbox"/> Senate <input checked="" type="checkbox"/> Presidential <input type="checkbox"/>	
Date 10 / 06 / 2002	Amount \$500.00	State: CT District: _____
Full Name (Last, First, Middle Initial) of Payee Manchester Gazette	Purpose of Expenditure Ad: Newspaper Campaign 2002	Category/Type 004
Mailing Address 1 Memorial Circle	Name of Federal Candidate supported or opposed by expenditure: Giles Weaver	
City Manchester State NH Zip Code 00000	Office Sought: House <input type="checkbox"/> Senate <input checked="" type="checkbox"/> Presidential <input type="checkbox"/>	
Date 10 / 06 / 2002	Amount \$562.50	State: CT District: _____
	Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	

Transfer of Funds

The nonfederal share is $\frac{3}{4}$ of the \$4,250 total cost. The committee transfers \$3,187.50 from the nonfederal account to the federal account. The transfer is made during the permissible 70-day window, as described in Section 3. 106.6(e)(2)(ii)(B).

Hapworth PAC reports the receipt of the transfer on Schedule H3, as illustrated. The amount is also included on Line 18 of the Detailed Summary Page.

TRANSFERS (COMMUNICATIONS FOR CANDIDATES)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS			PAGE OF FOR LINE 18 OF FORM 3X
NAME OF COMMITTEE (In Full) Hapworth PAC			
NAME OF ACCOUNT Hapworth Nonfederal PAC	DATE OF RECEIPT 10 / 25 / 2002	TOTAL AMOUNT TRANSFERRED \$3,187.50	

iii) Exempt Activity/Direct Candidate Support (List Events-Amount For Each)	EXEMPT ACTIVITY/ DIRECT CANDIDATE SUPPORT
a) Newspaper Campaign '02	\$3,187.50

CHAPTER 11 Termination and Debt Settlement

1. Committees with No Outstanding Debts

A *committee* may terminate its registration and reporting obligations at any time by filing a termination report, provided that:

- The committee no longer intends to receive *contributions* or make *expenditures*;
- Neither the committee seeking to terminate nor any *affiliated* committee has any outstanding debts or obligations (102.3); and
- The committee is not involved in an enforcement action (*MUR*), an audit or litigation with the FEC.

Termination Report

When filing a termination report, the treasurer checks the "Termination Report" box on Line 4(a) of the Summary Page of Form 3X.

The termination report must disclose:

- All receipts and disbursements not previously reported, including an accounting of debt retirement; and
- The purposes for which any remaining committee funds will be used. 102.3(a).

The committee's reporting obligation ends when the Commission notifies the committee that the termination report has been accepted.

DEBT SETTLEMENT, PART 1

DEBT SETTLEMENT PLAN			
NAME OF COMMITTEE Civil Republic PAC			
ADDRESS 123 Public Rd.			
CITY, STATE AND ZIP CODE Jamestown, VA 00000		FEC I.D. NUMBER C00000001	
PART I — COMMITTEE SUMMARY INFORMATION			
1. CASH ON HAND AS OF <u>4/01/02</u>	\$775.00	6. TOTAL AMOUNT OF DEBTS OWED BY THE COMMITTEE	\$1,139.29
2. TOTAL ASSETS TO BE LIQUIDATED	\$175.00	7. TOTAL NUMBER OF CREDITORS OWED	2
3. TOTAL (ADD 1 AND 2)	\$950.00	8. NUMBER OF CREDITORS IN PART II OF THIS PLAN	1
4. YEAR TO DATE RECEIPTS	\$257.68	9. TOTAL AMOUNT OF DEBTS OWED TO THE CREDITORS IN PART II OF THIS PLAN	\$748.08
5. YEAR TO DATE DISBURSEMENTS	\$1,586.74	10. TOTAL AMOUNT TO BE PAID TO CREDITORS IN PART II OF THIS PLAN	\$575.00
11. IS THE COMMITTEE TERMINATING ITS ACTIVITIES?			
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF YES, WHEN DOES THE COMMITTEE EXPECT TO FILE A TERMINATION REPORT? IF NO, COMMITTEE IS NOT ELIGIBLE TO FILE A DEBT SETTLEMENT PLAN (SEE INSTRUCTIONS). When we receive notification that the FEC has reviewed the debt settlement plan, we will immediately pay the settlement amount, pay any other debts and file a termination report.			
12. IF THIS IS AN AUTHORIZED COMMITTEE, DOES THE CANDIDATE HAVE OTHER AUTHORIZED COMMITTEES?			
<input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, LIST BELOW.			
13. DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE TOTAL AMOUNT INDICATED IN THIS PLAN?			
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS? Pay off bank loan			
14. HAS THE COMMITTEE FILED PREVIOUS DEBT SETTLEMENT PLANS?			
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
15. AFTER DISPOSING OF ALL THE COMMITTEE'S DEBTS AND OBLIGATIONS, WILL THERE BE ANY RESIDUAL FUNDS?			
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF YES, HOW WILL THE FUNDS BE DISBURSED? Pay off bank loan			
I certify, to the best of my knowledge, that the information contained in this Debt Settlement Plan is true, correct and complete.			
SIGNATURE OF TREASURER OF COMMITTEE ➤ <i>Seymour Glass</i>		DATE 4/10/03	

FEC FORM 8
(Revised 1/2001)

Disposal of Remaining Funds

A committee may use its remaining funds for any lawful purposes, including refunding them to their donors or giving them to charity. See AOs 1986-32, 1983-4 and 1979-42.

2. Committees with Outstanding Debts: Debt Settlement

Eligibility for Debt Settlement

A committee that has outstanding debts but wants to terminate may settle its debts for less than the full amount owed to the creditors. This option is available only to a *terminating committee*—i.e., a committee which no longer intends to support candidates and which receives *contributions* and makes *expenditures* only for the purpose of paying winding-down *administrative expenses* (if any) and retiring debts. 116.1(a) and 116.2(a).

An *ongoing committee*—i.e., a committee that does not qualify as a terminating committee—is not eligible for debt settlement and must continuously report debts until they are extinguished. 104.3(d), 116.1(b) and 116.2(b).

Debt Settlement Rules

A commercial vendor (incorporated or unincorporated) may forgive or settle debts owed by a committee without incurring a contribution if:

- Credit was initially extended in the ordinary course of business;
- The committee undertook all reasonable efforts to satisfy the outstanding debt, such as fundraising, reducing overhead costs and liquidating assets; and
- The vendor made the same efforts to collect the debt as those made to collect debts from a nonpolitical debtor in similar circumstances. Remedies might include, for example, late fee charges, referral to a debt collection agency or litigation. 116.4(d)(1) and (2).

DEBT SETTLEMENT, PART 2

DEBT SETTLEMENT PLAN			
PART II			
NAME OF COMMITTEE Civil Republic PAC	FEC I.D. NUMBER C00000001	PAGE 2	OF 3
CREDITOR SUMMARY INFORMATION (FILL OUT FOR EACH CREDITOR IN PLAN)			
FULL NAME AND MAILING ADDRESS OF CREDITOR Lessor Campaign Services 345 Usury St. Alexandria, VA 00000	DATE INCURRED 10/02/02	AMOUNT OWED TO CREDITOR \$748.08	AMOUNT OFFERED IN SETTLEMENT \$575.00
TYPE OF CREDITOR: <input checked="" type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
A. TERMS OF THE INITIAL EXTENSION OF CREDIT AND NATURE OF THE DEBT Debt was incurred for production of radio advertisements. Half of total owed was to be paid up front with the balance due after the general election.			
B. EFFORTS MADE BY THE COMMITTEE TO PAY THE DEBT The committee has attempted to raise additional funds, but its contributor base has eroded.			
C. STEPS TAKEN BY THE CREDITOR TO COLLECT THE DEBT Creditor sent bills 10, 30 and 60 days after services were rendered, following its normal practice. They filed suit in superior court on February 15, 2003, seeking the total unpaid balance.			
CREDITOR SECTION (TO BE FILLED OUT BY CREDITOR)			
D. WAS THE EFFORT MADE BY THE CREDITOR TO COLLECT THE DEBT SIMILAR TO OTHER DEBT COLLECTION EFFORTS AGAINST NONPOLITICAL DEBTORS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, PLEASE EXPLAIN			
E. ARE THE TERMS OF THE DEBT SETTLEMENT COMPARABLE TO OTHER SETTLEMENTS MADE BY THE CREDITOR WITH OTHER NONPOLITICAL DEBTORS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, PLEASE EXPLAIN			
<small>As a representative of the creditor, I hereby accept the settlement offer made to me by the committee and upon payment agree to consider the debt satisfied (or attach a copy of the signed settlement).</small>			
SIGNATURE OF CREDITOR OR REPRESENTATIVE W.S. Polonius	DATE 4/10/03		

Creditor's Rights

No commercial vendor or other creditor is required to forgive or settle debts owed by committees. 116.4(e). A creditor is also not required to pursue activities that are unlikely to result in the reduction of the debt.

Debt Settlement Plans

Once a *terminating* committee has reached an agreement with a creditor, the treasurer should file a debt settlement plan on FEC Form 8. Debt settlement plans must include the signature of all creditors listed in Part I of Form 8. The treasurer may use a separate form for each debt or may combine several debt settlements in one plan.

Debts Subject to Settlement
The types of debts that are subject to debt settlement requirements include:

- Amounts owed to commercial vendors;
- Debts arising from advances by individuals¹ (e.g., staff using personal funds or credit to purchase goods and services on behalf of the committee);
- Salary owed to committee employees; and
- Loans owed to *political committees* or individuals, including *candidates*. 116.7(b).

Debts Not Subject to Settlement

The debt settlement rules do not apply to *disputed debts*, which are covered by other rules. 116.7(c)(2). See below. The rules also do not apply to *bank loans*.

Completing Form 8

Step-by-step instructions for completing Form 8 are included with the form. The treasurer must sign and date the first page of the completed form.

Commission Review

The Commission reviews each debt settlement plan to ensure compliance with the rules discussed above and with the criteria listed in Commission regulations (116.7(f)). Once the plan has been reviewed for compliance, the Commission sends a written notification to the committee.

The committee must postpone payment to the creditor until the Commission has completed its review of that plan. 116.7(a).

Reporting Debts Undergoing Settlement

General Rule

Debts undergoing settlement must be continuously reported until the Commission has completed its review of the

DEBT SETTLEMENT, PART 3

DEBT SETTLEMENT PLAN			
PART III			
NAME OF COMMITTEE Civil Republic PAC	FEC I.D. NUMBER C00000001	PAGE 3	OF 3
LIST REMAINING DEBTS			
A. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR Shylock National Bank 5477 Lender Rd. Charlottesville, VA 00000		AMOUNT OWED TO CREDITOR \$200.00	AMOUNT EXPECTED TO PAY/OFFER \$200.00
TYPE OF CREDITOR: <input checked="" type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL		(final payment on Bank loan)	
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
B. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR		AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
C. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR		AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
D. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR		AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
E. FULL NAME, MAILING ADDRESS AND ZIP CODE OF CREDITOR		AMOUNT OWED TO CREDITOR	AMOUNT EXPECTED TO PAY/OFFER
TYPE OF CREDITOR: <input type="checkbox"/> INCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> UNINCORPORATED COMMERCIAL VENDOR <input type="checkbox"/> CANDIDATE <input type="checkbox"/> COMMITTEE EMPLOYEE <input type="checkbox"/> OTHER INDIVIDUAL			
IS THIS A DISPUTED DEBT? <input type="checkbox"/> YES <input type="checkbox"/> NO			
DOES THE COMMITTEE HAVE SUFFICIENT FUNDS TO PAY THE REMAINING AMOUNTS TO BE PAID OR OFFERED?			
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, WHAT STEPS WILL BE TAKEN TO OBTAIN THE FUNDS?			

committee's debt settlement plan. The committee may file a termination report once all debts have been paid, settled, forgiven or otherwise extinguished. Payments to creditors should be disclosed on this report. 116.4(f).

Disputed Debts

A *disputed debt* is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. See page 45 for information on how to report a disputed debt on Schedule D.

¹ Advances of personal funds for committee expenses are treated as contributions under most circumstances. See page 12 for more information.

When filing a debt settlement plan, a terminating committee must describe any disputed debts and the committee's efforts to resolve them on Part III of Form 8. Disclosure of a disputed debt does not constitute an admission of liability or a waiver of any claims the committee may have against the creditor. 116.10(a).

Unpayable Debts

Both terminating and ongoing committees may obtain a determination from the Commission that a debt is unpayable for purposes of the *Act* because the creditor cannot be located or has gone out of business. The committee must demonstrate that it made the necessary efforts to locate the creditor and must continue to report the debt until the Commission determines that the debt is unpayable. 116.9.

3. Committees with Outstanding Debts: Administrative Termination

An inactive committee that wants to terminate but still has outstanding debts must make efforts to settle the debts under the procedures described above. If debt settlement efforts fail, however, such a committee may seek administrative termination by the FEC. (The Commission may also, at its own initiative, administratively terminate a committee's reporting status.)

Criteria for Administrative Termination

When determining a committee's eligibility for administrative termination, the Commission will consider the following factors:

- The committee is not involved in any matter before the Commission (such as a *MUR* or an audit).
- The committee's aggregate reported financial activity in one year is less than \$5,000.
- The committee's reports disclose no receipt of contributions for the previous year.
- The committee's last report disclosed minimal expenditures.
- The committee's primary purpose for filing its reports has been to disclose outstanding debts and obligations.

- The committee has failed to file reports for the previous year.
- The committee's last report disclosed that the debts owed to the committee were not substantial.
- The committee's outstanding debts and obligations do not appear to present a possible violation of the *Act's* contribution prohibitions and limitations.
- The committee's outstanding debts and obligations exceed the total of the committee's reported cash on hand balance. 102.4(a) and FEC Directive 45, available from the Public Records Office.

Procedures for Requesting Administrative Termination

When requesting administrative termination, the committee's treasurer should set forth the committee's eligibility in writing, based on the factors listed above. 102.4(b). In addition, with respect to any outstanding debts, the committee's request should describe:

- The terms and conditions of the initial extension of credit;
- Steps taken by the committee to repay the debt; and
- Efforts made by the creditors to obtain payment.

Requests should be addressed to the Commission's Reports Analysis Division.

Once the Commission completes its review of the request, the committee will be sent a written notification of the Commission's approval or disapproval. Committees must continue to file regular reports until the request for administrative termination has been approved.

For more information, see FEC Directive 45.

TWO

APPENDICES

A. Support from Sponsoring Organization

1. Contributions

As explained on page 3, a *nonconnected committee* may be sponsored by a partnership or another type of unincorporated organization. However, most forms of support received by a committee from such an organization are *contributions*, subject to limits, prohibitions and disclosure.

Regardless of whether the committee uses the sponsoring organization's contributions to pay for its operating expenses or to support candidates, monetary and in-kind contributions from the sponsoring organization are subject to an aggregate limit of \$5,000 per calendar year. See Chapter 4 for more information about contribution limits and Chapter 9 for reporting instructions.

Gifts of Money

The sponsoring organization may contribute *permissible funds* directly to a nonconnected committee for any lawful purpose.

In-Kind Contributions

A sponsoring organization makes an *in-kind contribution* to a nonconnected committee when it:

- Pays a vendor for the committee's supplies, rent, telephone bills, postage, printing, etc.;
- Provides goods or services to the committee at its own expense, such as a payroll deduction system to collect contributions; or

- Pays the salary of an individual when he or she is working on committee business. (See the exception for certain legal and accounting services, discussed below.)

In-kind contributions from the sponsoring organization must be paid for with permissible funds and are subject to the same \$5,000 annual limit as the committee's direct gifts of money. See page 12 for information on how to determine the value of an in-kind contribution. See also page 30 for information on how the committee should report in-kind contributions.

Loans

A sponsoring organization may loan money to a nonconnected committee. Loans are contributions, and the outstanding balance on the principal amount is subject to the \$5,000 calendar year limit. A loan exceeding that amount is illegal even if repaid in full. The committee must itemize a loan on Schedule C on the first report filed after the loan is made and continue to report the outstanding balance and any payments until the debt is extinguished. 100.7(a)(1)(i). See "Loans" on page 12 for more information.

2. Sponsors Affiliated with Corporations

When a political committee is sponsored by a noncorporate entity that is entirely owned by one or more corporations (such as a joint venture partnership) and is affiliated with at least one of the corporate owners, the rules generally applicable to nonconnected committees do not apply. Instead, the committee would operate under the rules governing separate segregated funds (SSFs), as explained below. Such a committee should consult the FEC's *Campaign Guide for Corporations and Labor Organizations* for more information.

Exempt Administrative and Fundraising Payments

As noted in Chapter 1, a corporation may use its treasury funds to pay the costs of establishing, administering and soliciting contributions to its SSF, without making a prohibited corporate contribution or expenditure. In several advisory opinions, the Commission has applied this provision to permit a corporation that is affiliated with an unincorporated entity to pay the administrative and solicitation expenses of the affiliate's political action committee. In these cases, the affiliated corporation functions as the connected organization of the committee. Moreover, when the unincorporated entity is wholly owned by corporations and affiliated with at least one of them, the unincorporated entity may also pay these expenses without the payments resulting in a contribution to the sponsored committee. See AOs 1997-13, 1996-49, 1996-38, 1994-9 and 1992-17.

By contrast, in AO 2001-7, the Commission concluded that a nonconnected political committee sponsored by a limited liability company (LLC) was not affiliated with any of the five corporations that jointly owned the LLC. As a result, neither the sponsoring LLC nor any of its corporate owners could pay the committee's administrative and solicitation expenses. Instead, the committee had to cover these expenses using the contributions it received.

Solicitation Restrictions

Under the Act and FEC regulations, SSFs may solicit contributions from only a restricted class of individuals. In several advisory opinions, the Commission has applied this restriction to political committees sponsored by unincorporated entities that are affiliated with corporate SSFs. As a result, this type of committee cannot solicit contributions from the general public; it may only solicit the restricted class of its sponsoring organization and affiliated corporation(s). See AOs 1996-49, 1996-38, 1989-8, and 1987-34.

3. Legal and Accounting Services

A sponsoring organization may provide free legal and accounting services to a nonconnected committee if the services are provided solely to help the committee comply with federal campaign finance laws; and if the individuals performing the services are regular employees of the organization. Unlike other services rendered to a committee, the cost of providing such services is not a contribution and does not count against the \$5,000 limit. However, the committee must report the receipt of the services; see page 15.

4. Corporate Personnel and Nonconnected PACs

Individuals associated with an incorporated entity (including an incorporated trade association or nonprofit organization) may establish a nonconnected PAC. To do so, the individuals must demonstrate that their PAC is financially and organizationally independent of the incorporated entity by:

- Reimbursing the corporation for any use of office facilities within a commercially reasonable time and at the usual and normal charge;
- Paying in advance for any use of corporate staff, customer/mailling lists, catering services and any other goods and services that the corporation does not supply in the ordinary course of business; and
- Having a diversified leadership which, for example, ensures that individuals affiliated with a particular incorporated entity will not form the majority of the committee's board. AO 2000-20, 1997-26 and 1997-15.

Note, however, even if a nonconnected committee demonstrates financial and organizational independence, it may nevertheless become affiliated with the SSF of the incorporated entity. If this were to happen, the nonconnected PAC would become an SSF. For information on SSFs, see *Campaign Guide for Corporations and Labor Organizations*.

B. Joint Fundraising

1. Introduction

What Is Joint Fundraising¹

Joint fundraising is election-related fundraising conducted jointly by a political committee and one or more other political committees or unregistered organizations.

Who Must Observe Joint Fundraising Rules²

The rules described in this appendix apply to political committees and unregistered organizations engaged in joint fundraising. The participants in joint fundraising activity may include

- Party committees,
- Party organizations not registered as political committees,
- Federal and nonfederal candidate committees,
- Nonparty political committees and
- Unregistered nonparty organizations. 102.17(a)(1)(i) and (a)(2).

The rules in this appendix do not apply to fundraising by *collecting agents* and *separate segregated funds*. 102.17(a)(3).

Overview of Rules

All participants in a joint fundraising effort, including unregistered organizations, must:

- Create or select a *political committee* to act as the fundraising representative;
- Agree to a formula for allocating proceeds and expenses;
- Sign a written agreement naming the fundraising representative and stating the allocation formula;

¹ Fundraising conducted by a collecting agent (an organization that solicits and collects contributions for a separate segregated fund) is not considered joint fundraising.

² Note that, when paper filers amend the Statement of Organization (FEC Form 1), only the committee's name, address and the new or changed information need be included.

- Establish a separate account for joint fundraising receipts and disbursements;
- Notify the public of the allocation formula and certain other information (detailed below) when soliciting contributions;
- Screen contributions to make sure they comply with the limits and prohibitions of the Federal Election Campaign Act; and
- Report allocated proceeds and expenses (applies to political committees only).

The committee named as the fundraising representative has additional responsibilities, as explained below.

2. Fundraising Representative

Joint fundraising participants must either establish a new political committee (using a Statement of Organization, FEC Form 1) or select a participating *political committee* to act as the fundraising representative. This committee is responsible for: collecting and depositing joint fundraising contributions; paying expenses; allocating proceeds and expenses to each participant; keeping records; and reporting overall joint fundraising activity. Any federal candidate participating in the fundraiser must designate the fundraising representative as an *authorized committee* (by amending the Statement of Candidacy, FEC Form 2). 102.17(a)(1)(i), (b)(1) and (b)(2).

New Committee

If a new committee is established, it collects all the contributions. 102.17(b)(1). Note that a new committee may not itself be a participant in any other joint fundraising effort, though it may conduct more than one event or activity on behalf of its own participants. 102.17(a)(1)(i).

Participating Committee

If a participating committee acts as a fundraising representative, the other participants may also collect contributions, but they must forward them to the fundraising representative as required under 102.8 of FEC regulations. 102.17(b)(2).

Commercial Firm

Although participants may hire a commercial fundraising firm or other type of agent to assist the joint fundraiser, they are still required to establish or select a political committee to serve as the fundraising representative. 102.17(a)(1)(ii).

3. Written Agreement

Before conducting a joint fundraiser, all participants must enter into a written agreement that identifies the fundraising representative and states the allocation formula—the amount or percentage that the participants agree to use for allocating proceeds and expenses. The fundraising representative must retain a copy of the written agreement for three years and make it available to the FEC upon request. 102.17(c)(1).

4. Separate Depository

Establishing the Account

Joint fundraising participants or the joint fundraising representative must establish a separate account solely for the receipt and disbursement of all joint fundraising proceeds. Each participating political committee must amend its Statement of Organization (FEC Form 1) to show the account as an additional depository. 102.17(c)(3)(i).

Depositing Contributions

The fundraising representative must deposit contributions into the account within 10 days after receiving them. Only contributions permissible under the Act may be deposited in the joint fundraising account. If any participant is an unregistered organization which may, under state law, accept prohibited contributions, the participants may either establish a second account for such contributions or forward them directly to the participants that may accept them. 102.17(c)(3)(i) and (ii).

5. Statements of Organization

Joint Fundraising Representatives

If the joint fundraising committee is a new committee, it must file a Statement of Organization (FEC Form 1). If, on the other hand, the representative is an existing committee, it must amend² its Statement of Organization. In either instance, the Statement of Organization must:

- Identify the committee as the joint fundraising representative;
- List the names and addresses of all federal committees participating in the joint fundraising effort; and
- Name the depository institution being used by the joint fundraising committee. In the case of a representative which is an existing committee, the depository is named only if it is different from the depository named on the committee's current Statement of Organization.

Other Joint Fundraising Participants

Committees (other than the joint fundraising representative) that are participating in the joint fundraising effort must amend² their Statements of Organization (FEC Form 1). On the form the committees must:

- Provide the name and address of the Joint Fundraising Representative and identify it as the "JFR"; and
- State the name and address of the depository institution holding the joint fundraising account, if it is different from the depository named on their current Statements of Organization.

² Note that, when paper filers amend the Statement of Organization (FEC Form 1), only the committee's name, address and the new or changed information need be included.

6. Start-Up Costs

Participants may advance funds to the fundraising representative for start-up costs of the fundraiser. The amount advanced by a participant should be in proportion to the agreed upon allocation formula. Any amount advanced in excess of a participant's proportionate share is considered a contribution and must not exceed the amount the participant may contribute to the other participants. 102.17(b)(3)(i) and (ii). (However, an exception is made for party committees and affiliated committees under 110.3.)

EXAMPLE: Committees A, B and C determine they need \$2,000 in start-up costs. According to their allocation formula (Committees A and B, 25 percent each; Committee C, 50 percent), Committees A and B each advance \$500 to the fundraising representative, and Committee C, \$1,000. If, however, Committee C advances the entire \$2,000, it has made a \$500 contribution to each of the other committees.

Unregistered Organizations

An unregistered organization (such as a party organization that has not yet qualified as a political committee) must use *permissible funds* when advancing money for start-up costs. 102.17(c)(3)(i). If an unregistered participant advances more than its share of start-up costs and thus makes a contribution, the contributed amount may trigger registration and reporting requirements under the Act. 100.5.

7. Joint Fundraising Notice

General Rule

In addition to any notice required under "Disclaimer Notices on Solicitations" (page 9), participants or the joint fundraising representative must include a joint fundraising notice with every solicitation for contributions. The notice must contain the following information:

- The names of all participants, regardless of whether they are registered political committees or unregistered organizations;

- The allocation formula (the amount or percentage of each contribution that will be allocated to each participant);
 - A statement informing contributors that they may designate contributions for a particular participant (notwithstanding the formula); and
 - A statement that the allocation formula may change if any contributor makes a contribution which would exceed the amount he or she may lawfully give to any participant.
- 102.17(c)(2)(i).

Special Situations

In two situations, participants must include additional information in the joint fundraising notice:

- If a participant is engaging in the joint fundraiser to pay off outstanding debts, the notice must state that the allocation formula may change if the participant receives enough funds to pay its debts.
 - If, under state law, any unregistered participant is permitted to receive contributions prohibited under the *Act*, the notice must say that such contributions will be given only to participants that may legally accept them.
- 102.17(c)(2)(ii).

8. Screening Contributions

The fundraising representative and participants must screen all contributions to make sure they are neither prohibited by the *Act* nor in excess of the *Act*'s contribution limits. (Prohibited contributions received by unregistered organizations do not have to be screened.) The maximum amount a contributor may give to a joint fundraiser is the total amount he or she may contribute to all participants without exceeding any limits.

To facilitate screening, participants must provide the fundraising representative with records of past contributions so that the representative can determine whether a donor has exceeded the contribution limits. 102.17(c)(4)(i) and (c)(5).

9. Recordkeeping

Receipts

With regard to gross proceeds, the fundraising representative must collect the following contributor information and later forward it to the participating political committees:

- For contributions exceeding \$50, the amount, date of receipt, and the contributor's name and address.
 - For contributions exceeding \$200, the amount, date of receipt, and the contributor's name, address, occupation and employer.
- 102.8(b) and 102.17(c)(4)(ii).

The date of receipt is the date the fundraising representative receives the contribution. 102.17(c)(3)(iii).

Prohibited Contributions

The fundraising representative must also keep a record of the total amount of prohibited contributions received, if any, and of any transfers containing prohibited funds made to participants that may accept them. 102.17(c)(4)(ii).

Disbursements

The fundraising representative must retain, for three years, records on all disbursements made for the joint fundraiser. 102.9. If a commercial fundraising firm or agent is used, it must forward required records on disbursements to the fundraising representative. 102.17(c)(4)(iii).

10. Allocating Gross Proceeds

The fundraising representative may make payments for fundraising expenses from gross proceeds collected at the fundraiser (and from funds advanced by the participants). 102.17(c)(7)(iii). Nevertheless, it must allocate (but not transfer) gross proceeds among the participants.

Generally, the fundraising representative must allocate gross proceeds according to the allocation formula. However, as stated in the fundraising notice, the formula may change if the allocation results in:

- An excessive contribution from a contributor to one of the participating committees; or

- A surplus for a participant raising money solely to pay off campaign debts.

Reallocation under these circumstances must be based on the other participants' proportionate shares under the allocation formula. If reallocation results in a contributor's exceeding the contribution limits for the remaining participants, the fundraising representative must return the excess amount to the contributor. 102.17(c)(6)(i).

EXAMPLE: Using the same example mentioned above (allocation formula: Committees A and B, 25 percent each; Committee C, 50 percent), the participants receive a \$2,000 contribution from a donor who had previously contributed up to his limit to Committee C. If the fundraising representative were to divide the contribution according to the allocation formula, Committee C would receive an excessive contribution of \$1,000. Instead, the excess \$1,000 is divided equally between Committees A and B, since their proportionate shares under the allocation formula are equal. Each receives an extra \$500, bringing their total allocation to \$1,000 apiece.

If, however, Committee A can accept only \$800 from the contributor without exceeding the limit, the excess \$200 is allocated to Committee B. If Committee B cannot accept the money for the same reason, the \$200 must be returned to the contributor.

Designated Contributions

Designated or earmarked contributions that exceed the contributor's limit for a participant may not be reallocated without the prior written consent of the contributor. 102.17(c)(6)(ii).

Prohibited Contributions

Prohibited contributions must be distributed only to the unregistered participants that may lawfully accept them; they do not have to be distributed according to the allocation formula. 102.17(c)(6)(iii).

11. Allocating Expenses

After gross proceeds are allocated, the joint fundraising representative must calculate each participant's share of expenses based on its actual share of gross proceeds. This allocation may differ from the original formula—see example below. (Prohibited contributions may be excluded from the gross proceeds when determining the ratio.)

102.17(c)(7)(i)(A). Expenses for a series of fundraising events must be allocated on a per-event basis. 102.17(c)(7)(i)(C).

EXAMPLE: At the start of the fundraiser, Committees A, B and C agree to allocate 25 percent of proceeds and expenses to Committee A, 25 percent to Committee B and 50 percent to Committee C. However, because the fundraising representative must reallocate some contributions, Committee A is actually allocated 20 percent of gross proceeds; Committee B, 35 percent; and Committee C, 45 percent. The fundraising representative must allocate the joint fundraising expenses, \$10,000, on the same basis: \$2,000 to Committee A, \$3,500 to Committee B and \$4,500 to Committee C.

Excess Payment

If a participant pays for more than its allocated share of expenses, the excess payment is considered a contribution, subject to the Act's limits (see "Start-Up Costs," page 64). 102.17(c)(7)(i)(B). (Party committees are excepted from this rule; see below.)

Remember, if an unregistered participant makes such a contribution, the payment may trigger registration and reporting requirements for that organization. 100.5

12. Calculating Net Proceeds

The fundraising representative may delay transferring net proceeds to participants until after it receives all contributions and pays all expenses for the fundraiser. To determine net proceeds, the fundraising representative subtracts the participant's share of expenses from its share of gross proceeds. 102.17(c)(3)(ii) and (c)(7)(i)(A).

EXAMPLE: Committees A, B and C raise \$50,000 in gross proceeds and spend \$10,000 in expenses, leaving \$40,000 in net proceeds. The fundraising representative allocates \$10,000 (20 percent) in gross proceeds to Committee A and \$2,000 (20 percent) in expenses; Committee A's net proceeds equal \$8,000.

13. Reporting

Fundraising Representative

The fundraising representative reports all joint fundraising proceeds in the reporting period in which they are received. If any prohibited contributions are received for a participating unregistered organization, the fundraising representative must report them as a *memo entry*. Any Schedules A used to itemize contributions must clearly indicate on the schedule that the receipts are joint fundraising proceeds. 102.17(c)(3)(iii) and (c)(8)(i)(A).

The fundraising representative must also report all disbursements made for the joint fundraiser in the reporting period in which they are made. 102.17(c)(8)(ii).

Electronic Filing

A joint fundraising representative must file electronically if its total yearly contributions or total yearly expenditures exceed, or are expected to exceed, \$50,000. 102.17 and 104.18. For more information on electronic filing, see page 26.

Participants

After the fundraising representative distributes the net proceeds, each participating political committee reports its share as a transfer-in from the

fundraising representative. Using the records received from the fundraising representative, a participating committee itemizes its share of gross receipts as contributions from the original donors on a memo entry Schedule A (to the extent required by the rules on itemization—see page 29). When itemizing gross contributions, the participant must report the date of receipt as the day the fundraising representative received the contribution. 102.17(c)(3)(iii) and (c)(8)(i)(B).

Note that, if the fundraising representative is one of the participating committees (rather than a committee established solely for the joint fundraiser), it must itemize its own share of gross receipts in addition to reporting total fundraising proceeds.

14. Exception for Political Parties

Payments by Party Committees

Payments made by a *party committee* on behalf of another party committee are considered transfers of funds rather than contributions. Because there is no limit on transfers between party committees of the same political party, a party committee may pay any amount of another party committee's allocated start-up costs and fundraising expenses. Moreover, if all the participants in the fundraiser are party committees, start-up costs and fundraising expenses need not be allocated at all. 102.6(a)(1)(i) and (ii); 102.17(b)(3)(iii) and (c)(7)(ii).

Payments by Unregistered Party Organizations

The same exception also applies to unregistered party organizations. They must, however, use permissible funds when making payments for start-up costs and fundraising expenses. Furthermore, such payments by a party organization on behalf of a registered party committee count against the \$1,000 contribution/expenditure threshold for registration as a political committee. 100.5; 102.6(a)(2); and 102.17(c)(7)(ii).

C. Partnership Contributions

Outlined below are special rules concerning contributions from partnerships to nonconnected committees.

In some cases, limited liability companies (LLCs) are treated as partnerships. For the purposes of contribution limitations and prohibitions, an LLC is treated as a partnership if:

- It does not have publicly traded shares; and
- It has chosen to file, under IRS rules, as a partnership; or
- It has made no choice, under IRS rules, as to whether it is a corporation or a partnership. 110.1(g)(2) and (3)

Under these conditions, this appendix would apply to those LLCs.

1. Contribution Limits

Contributions Made by Partnership

A partnership may make monetary or in-kind contributions aggregating up to \$5,000 per calendar year to a *nonconnected committee*.¹ In addition, a contribution from a partnership counts proportionately against each participating partner's own limit with respect to the same committee. 110.1(d) and (e).

Contributions Made by Individual Partners

Each partner may make monetary or in-kind contributions aggregating up to \$5,000 per calendar year to a nonconnected committee. 110.1(d). Although contributions made by the partnership as a whole count proportionately against each partner's \$5,000 limit, contributions made by individual partners from their own funds do not count against the partnership's limit. 110.1(e).

¹ A partnership may make contributions to other political committees—including candidate committees and party committees—subject to applicable limits. See the 'Contribution Limits' chart on page 19.

PARTNERSHIP CONTRIBUTIONS

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 1
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17		
NAME OF COMMITTEE (In Full) Civil Republic PAC				
Full Name (Last, First, Middle Initial) A. Wiggily & Dinghy LLC		Date of Receipt MM / DD / YYYY 08 / 04 / 2002		
Mailing Address 101 Eskimo Ave.		Amount of Each Receipt This Period \$ 500.00		
City Fairfax State VA Zip Code 00000		See attribution below.		
FEC ID number of contributing federal political committee. C				
Name of Employer Partnership		Occupation		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ \$ 500.00		
Full Name (Last, First, Middle Initial) B. Wiggily, John		Date of Receipt MM / DD / YYYY 08 / 04 / 2002		
Mailing Address 201 Dockside Ave.		Amount of Each Receipt This Period \$ 250.00		
City Bellum State VA Zip Code 00000		MEMO.		
FEC ID number of contributing federal political committee. C				
Name of Employer Wiggily & Dinghy LLC		Occupation Attorney		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ \$ 250.00		
Full Name (Last, First, Middle Initial) C. Dinghy, David		Date of Receipt MM / DD / YYYY 08 / 04 / 2002		
Mailing Address 180 Lakeshore Street		Amount of Each Receipt This Period \$ 250.00		
City Luckets State VA Zip Code 00000		MEMO.		
FEC ID number of contributing federal political committee. C				
Name of Employer Wiggily & Dinghy LLC		Occupation Attorney		
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ \$ 250.00		
SUBTOTAL of Receipts This Page (optional)		\$ 500.00		
TOTAL This Period (last page this line number only)		\$ 500.00		

FEC Schedule A (Form 3X) (Revised 1/01)
FE1AN042

2. Attribution Among Partners

Formula

A portion of the partnership contribution must be attributed to each contributing partner. If all partners within the organization are contributing, the partnership may attribute the contribution according to each partner's share of the firm's profits. However, if the partnership attributes a contribution on another basis agreed to by the partners, or if it attributes contribu-

tions only to certain partners, the following rules must be observed:

- The contributing partners' profits must be reduced (or their losses increased) by the amount of the contribution attributed to them; and
- The profits (or losses) of **only** the contributing partners must be affected.

Whatever the attribution, the portion attributed to each partner must not exceed the individual partner's contribution limit. 110.1(e).

Notice to Recipient Committee

Because a contribution from a partnership is a *joint contribution*, the partnership must provide to the recipient committee, along with the contribution, a written notice listing the names of the contributing partners and the amount to be attributed to each (unless the contribution is attributed equally among the listed partners). However, unlike other joint contributions, the signature of each contributing partner is not required. 110.1(k)(1) and (2).

3. Prohibited Partnership Contributions

Partnerships with Corporate Members

Because contributions from corporations are prohibited, a partnership with corporate members may not attribute any portion of a contribution to the corporate partners.² 110.1(e) and 114.2.

Professional Corporations

Although law firms, doctors' practices and similar groups are often organized as partnerships, some of these groups may instead be organized as professional corporations. Unlike a partnership, a professional corporation is prohibited from making any contributions. 114.2(b) and 114.7(d).

Partnerships with Foreign National Members

Because contributions from *foreign nationals* are prohibited, a partnership may not attribute any portion of a contribution to a partner who is a foreign national. 110.4(a).

Partnerships with Federal Government Contracts

A partnership which is negotiating a contract with the federal government or which has not completed performance of such a contract is prohibited from making contributions. However, an individual partner in such a firm may make contributions from personal funds (rather than from funds drawn on the partnership's account). 115.4. See also AO 1991-1.

4. Reporting Partnership Contributions

Included in Total Figure

Partnership contributions are included in the total figure reported for "Contributions from Individuals/Persons Other Than Political Committees" on the Detailed Summary Page of Form 3X.

Itemization

If a partnership contribution exceeds \$200 or aggregates over \$200 during a calendar year, the committee must itemize the contribution on a Schedule A used for "Contributions from Individuals/Persons Other Than Political Committees" (Line 11a(i)).

Additionally, if an individual partner's share of the contribution exceeds \$200 when combined with other contributions received from that partner in the same calendar year, the committee must disclose, as a *memo entry*, itemized information on the partner (name, address, occupation, date contribution received, partner's share of contribution and aggregate year-to-date total of contributions made by that partner). 104.8 and 110.1(e).

In-Kind Contributions

A committee reports the value of an *in-kind contribution* from a partnership in the same way it reports a monetary contribution. In addition, as with all in-kind contributions, the committee must report the value of the in-kind contribution as an operating expenditure. Moreover, an in-kind contribution itemized on Schedule A must also be itemized on a Schedule B for operating expenditures. 104.13 and 110.1(e). However, any information about a partner itemized as a *memo entry* on Schedule A does not have to be reported on Schedule B. See page 31.

5. Partnership Contribution Plans

In several advisory opinions, the Commission has said that a partnership may set up an internal plan to facilitate contributions from individual partners or the partnership as a whole to *candidates* or *political committees* (other than a nonconnected committee sponsored by the firm). In several advisory opinions, the Commission has said that incidental expenses incurred to administer such plans do not trigger a requirement, on the part of the firm, to register as a *political committee*. See AOs 1984-18, 1982-13, 1981-50 and 1980-72 for more information.

² Partnerships that reorganize as corporations are subject to FEC rules that apply to corporations. See the Campaign Guide for Corporations and Labor Organizations.

D. Earmarked Contributions

An *earmarked contribution* is one which the contributor directs (either orally or in writing) to a *clearly identified candidate* or candidate's committee through an intermediary or conduit. Earmarking may take the form of a designation, instruction or encumbrance and may be direct or indirect, express or implied. 110.6(b)(1).

1. Conduits

Who Is A Conduit

Anyone who receives and forwards an earmarked contribution to a candidate committee is considered a conduit or intermediary. 110.6(b)(2). (The terms "conduit" and "intermediary" are interchangeable; "conduit" will be used in the remainder of this appendix.)

Individuals, *political committees*, unregistered PACs and partnerships may act as conduits for earmarked contributions.

Persons Not Considered Conduits

For the purposes of the earmarking rules, certain individuals and organizations are not considered conduits even though they may participate in activities to raise money for a *candidate*. These persons include:

- An employee or full-time volunteer working for a *candidate committee*;
 - An individual who occupies a significant position in a candidate's campaign and who is expressly authorized to raise money on behalf of the candidate;
 - A committee *affiliated* with the *candidate committee*; and
 - A commercial fundraising firm retained by the *candidate committee*.
- 110.6(b)(2)(i).

Prohibitions Apply

No corporation, labor organization, or other entity prohibited from making contributions in connection with federal elections may act as a conduit for an earmarked contribution. A *nonconnected committee* or a *separate segregated fund*, however, may act as a conduit. 110.6(b)(2)(ii); 114.3(c)(2).

Furthermore, no individual may receive a contribution on behalf of a candidate (as a conduit or otherwise) while acting as the representative of a corporation, labor organization or other entity prohibited from making contributions. 110.6(b)(2)(i)(A) and (E). See also AO 1986-4.

2. Contribution Limits

Contributor's Limit

An earmarked contribution counts against the contributor's contribution limit for the recipient candidate. 110.6(a).

Conduit's Limit

Direction or Control

The conduit's limit is affected when the conduit exercises direction or control over the contributor's choice of the recipient candidate. In that case, the full amount of the contribution counts against the limits of both the original contributor and the conduit, even though the candidate receives only one check. For examples of how the Commission has viewed the "direction or control" rule in specific situations, see AOs 1986-4, 1981-57 and 1980-46.

Solicited Earmarked Contributions

Note that if a committee, when making a solicitation, requests the contributor to earmark the funds for a specific candidate, the cost of the solicitation incurred by the committee is an *in-kind contribution* to the candidate, subject to the contribution limits. AO 1980-46.

Effect on Unregistered Organization

An unregistered organization acting as a conduit should be aware that conduit activity could result in a contribution by the organization, under the circumstances described above. In such a case, the activity may trigger registration requirements for the unregistered organization.

3. Forwarding Earmarked Contributions

10-Day Limit

The committee must forward an earmarked contribution, along with a report (see below), to the recipient candidate committee within 10 days of receiving the contribution. 102.8(a) and (c); 110.6(c)(1)(iii).

Transmittal Report

Along with the funds, the conduit must forward a transmittal report containing information that the candidate's campaign committee will need for its own records and reports. 110.1(c)(1).

Contributions Exceeding \$50

When an earmarked contribution exceeds \$50, the accompanying report must contain the name and address of the original contributor, the date the contribution was received by the conduit and the amount. 102.8(b). The report should also state the *election* designated by the contributor, if any. 110.1(b)(3).

Contributions Exceeding \$200

When an earmarked contribution exceeds \$200, the accompanying report must contain the name and address of the contributor, the contributor's occupation and employer, the date the contribution was received by the conduit and the amount. 102.8(b). The report should also state the election designated by the contributor, if any. 110.1(b)(3).

4. Reporting Conduit Activity

The conduit must comply with special reporting rules, which vary depending on whether the contribution was deposited in the conduit's bank account or was passed on directly to the campaign in the form of the original contributor's check. 110.6(c)(1)(v).

A registered nonconnected committee acting as a conduit must disclose its activity on its next regularly scheduled FEC report. 110.6(c)(1)(ii).

Contributions Deposited in Committee's Account

Schedule A

If an earmarked contribution passes through a nonconnected committee's account, the committee reports the following information on Schedule A:

- The name and mailing address of each person making an earmarked contribution (including earmarked contributions of \$200 or less) (110.6(c)(1)(iv)(A));
- The occupation and employer of each individual making an earmarked contribution exceeding \$200 (110.6(c)(1)(iv)(A));
- The candidate designated by the contributor as the recipient of the contribution (110.6(c)(1)(iv)(B));
- The *election* for which the contribution was designated, if any (see 110.1(b)(3)(i));
- The amount of the earmarked contribution (110.6(c)(1)(iv)(B)); and
- The date the contribution was received by the conduit (110.6(c)(1)(iv)(C)).

Schedule B

Once the committee has forwarded the contribution to the candidate (after depositing it in its own account), the committee reports on Schedule B:

- The candidate designated by the contributor (110.6(c)(1)(iv)(A));
- The date the contribution was forwarded (110.6(c)(1)(iv)(C));
- The amount forwarded to the candidate (110.6(c)(1)(iv)(B));
- The election designated by the contributor, if any (see 110.1(b)(3)(i));
- The name of the contributor (110.6(c)(1)(iv)(A));

EARMARKED CONTRIBUTIONS

SCHEDULE A (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12	<input type="checkbox"/> 16	<input type="checkbox"/> 17
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
A. Full Name (Last, First, Middle Initial) Bessie Gallagher				Date of Receipt MM / DD / YYYY 08 / 19 / 2002			
Mailing Address 11 Ocean Street				Amount of Each Receipt this Period 500.00			
City Skidmore		State NY		Zip Code 00000			
FEC ID number of contributing federal political committee. C							
Name of Employer Perfect Day Seafood				Occupation Vice President			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				Aggregate Year-to-Date 500.00			
Earmarked for Jessica Wahman, Senate, NY.							

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE 1 OF 1	
ITEMIZED DISBURSEMENTS		<input type="checkbox"/> 21b	<input type="checkbox"/> 22	<input checked="" type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 29
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Civil Republic PAC							
A. Full Name (Last, First, Middle Initial) Jessica Wahman for Senate				Date of Disbursement MM / DD / YYYY 08 / 25 / 2002			
Mailing Address 12 Pseudonymous Ln.				Amount of Each Disbursement this Period 500.00			
City Dickinson		State NY		Zip Code 00000			
Purpose of Disbursement Contribution				Category/Type 011			
Candidate Name Jessica Wahman							
Office Sought: <input type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼					
State: NY		District:					
Earmarked by Bessie Gallagher and transmitted by committee check.							

These reporting procedures apply when the committee deposits an earmarked contribution before transmitting the funds to the candidate for whom the contributor earmarked them. When the committee transmits the contributor's original check, the procedures are the same, but the dollar amounts are listed as memo entries.

- A notation that the contribution was forwarded in the form of a check drawn on the conduit's account (110.6(c)(1)(iv)(C)); and
- A statement indicating that the conduit's limit was also affected, if appropriate. (110.6(d)(2)).

Undeposited Contributions

If the committee forwards the contribution without depositing it first (i.e., in the form of the contributor's original check), the committee must itemize the same information listed above in *memo entries* on Schedules A and B. The entries should indicate that the contribution was passed on in the form of the contributor's original check and, if appropriate, should indicate that the conduit's limits for that candidate were affected.

E. Compliance with Other Laws

In addition to complying with the Federal Election Campaign Act, nonconnected committees must observe laws and rules outside the Commission's jurisdiction.

1. Tax Laws

Nonconnected committees should be aware that they have to comply with federal and state laws on income tax. For information on federal tax laws, contact the Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224, Attention: E:EO (202-283-2300 or 1-877-829-5500 or at www.irs.gov/eo).

Committees need to obtain a taxpayer ID number. Call 800/TAX-FORM for information. Each regional IRS office also has a toll-free number; consult your telephone directory for the number in your state. Committees should also consult the appropriate state agency for information on state income tax laws.

2. Communications Act

For information on rules concerning rates for purchasing broadcast time, equal access to broadcast media, and procedures for filing complaints in this area, contact the Federal Communications Commission, Political Programming Branch, 445 12th Street, SW, Washington, DC 20554 (202-418-1440 or 888-225-5322).

3. Hatch Act

For information on the Hatch Act, which regulates political activity by federal employees, contact the Office of Special Counsel, 1730 M Street, NW, Suite 201, Washington, DC 20036 (800-854-2824 or 202-653-7143 or at www.osc.gov/hatchact.htm).

F. Definitions

Words and phrases found in *italics* throughout this book are defined below.

Act – The Federal Election Campaign Act of 1971 (2 U.S.C. §431 *et seq.*), as amended. 100.18.

Administrative Expenses – The costs of operating a *nonconnected committee*, including salaries, rent and supplies, and other operating costs. 114.1(b).

Advisory Opinion (AO) – A formal ruling from the Commission regarding the legality of a specific activity proposed in an advisory opinion request (AOR). Part 112. For information on requesting an AO, see page 1.

Affiliated – Established, financed, maintained or controlled by the same organization. Affiliated *political committees* are considered one political committee for purposes of contribution limits. 100.5(g); 110.3(a).

Authorized Committee – See *Candidate Committee*.

Bank – A state bank; a federally chartered depository institution (including a national bank); or a depository institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. 100.7(b)(11); 100.8(b)(12); 103.2.

Candidate – An individual seeking nomination or election to *federal office* becomes a candidate when he or she and agents acting on his or her behalf raise *contributions* or make *expenditures* that exceed \$5,000. 100.3.

Candidate Committee – A *principal campaign committee* or any other *political committee* authorized in writing by a federal candidate to receive *contributions* and make *expenditures* on his or her behalf. 100.5(f)(1). The Act and FEC regulations refer to candidate committees as “authorized committees.”

Clearly Identified Candidate – A *candidate* is clearly identified when his or her name or picture appears in a communication or when his or her identity is apparent by unambiguous reference. 100.17; 106.1(d); 109.1(b)(3).

Commercial Vendor – Any persons providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services. 116.1(c).

Connected Organization – An organization that uses its treasury funds to establish, administer or solicit contributions to a *separate segregated fund*. 100.6.

Contribution – A payment, service or anything of value given to influence a federal *election*. 100.7(a)(1).

Coordinated General Public Political Communication — A communication:

- Intended for an audience of over 100 people and made through a broadcasting station (including a cable television operator), newspaper, magazine, outdoor advertising facility, mailing or any electronic medium, including the Internet or on a Web site;
 - Coordinated with the candidate, party or their agents;
 - Mentioning a Clearly Identified Federal Candidate; and
 - Paid for by a person other than a candidate, a party or their agents.
- 100.23.

Corporation – Any separately incorporated entity (other than a political committee that has incorporated for liability purposes only). 100.8(b)(4)(vi); 114.12(a). The term covers both for-profit businesses (including C and S corporations) and nonprofit incorporated organizations, as well as corporations without capital stock, incorporated *membership associations*, incorporated *trade associations*, incorporated cooperatives and professional corporations.

Delegate – An individual who is or seeks to become a delegate to a national nominating convention or to a state or local convention, caucus or primary held to select delegates to a national nominating convention. 110.14(b)(1).

Delegate Committee – A group organized for the purpose of influencing the selection of *delegates*. The term includes a group of delegates, a group of individuals seeking to become delegates and a group of individuals supporting delegates. 110.14(b)(2).

Direct Mail – A communication to the general public using either a commercial mailing firm or mailing lists purchased from a commercial vendor. 100.7(b)(15)(i); 100.8(b)(16)(i).

Disbursement – Any purchase or payment made by a *political committee*.

Earmarked Contribution – A *contribution* that the contributor directs (either orally or in writing) to a *clearly identified candidate* or *candidate committee* through an intermediary or conduit. Earmarking may take the form of a designation, instruction or encumbrance and may be direct or indirect, implied or express. 110.6(b)(1).

Election – Any one of several processes by which an individual seeks nomination for election, or election, to *federal office*. They include: a primary election, including a caucus or convention that has authority to select a nominee; a general election; a runoff election; and a *special election* held to fill a vacant seat. 100.2.

Election Cycle – The period from the end of one general election for a given federal office to the end of the following general election for that office. The number of years in an election cycle differs according to the federal office sought. The election cycle spans:

- Two years for House candidates;
 - Four years for Presidential candidates; and
 - Six years for Senate candidates.
- See 100.3(b).

Election Year – A year in which there are regularly scheduled *elections* for *federal office* (i.e., even-numbered years).

Expenditure – A purchase or payment made in connection with or for the purpose of influencing a federal *election*. A written agreement to make an expenditure is considered an expenditure. 100.8(a)(1) and (2); 114.1(a).

Express Advocacy – Unambiguously advocating the election or defeat of a clearly identified federal candidate. There are two ways that a communication can be defined as express advocacy (candidate advocacy): by use of certain “explicit words of advocacy of election or defeat” and by the “only reasonable interpretation” test. 100.22. See Chapter Six for further detail.

Federal Office – Includes President, Vice President, Senator and the following members of the House of Representatives: Representative, Delegate (the District of Columbia, American Samoa, Guam, Virgin Islands) and Resident Commissioner (Puerto Rico). 100.4

Foreign National – A foreign national is either: (1) an individual who is not a citizen of the United States and has not been lawfully admitted to the U.S. for permanent residence, as defined in 8 U.S.C. §1101(a)(20); or (2) a foreign principal, as defined in 22 U.S.C. §611(b). 110.4(a)(4).

General Public Political Communication (GPPC) – A communication with an intended audience of over 100 people, made through a broadcasting station (including cable television operator), newspaper, magazine, outdoor advertising facility, mailing or any electronic medium, including the Internet or a web site. 100.23(e)(1).

Government Contractor – A person who enters into a contract with any agency or department of the United States government and is paid for services, materials, equipment, supplies, land or buildings with funds appropriated by Congress. Part 115.

Independent Expenditure – An *expenditure* for a communication which *expressly advocates* the election or defeat of a *clearly identified candidate* and which is not made with the cooperation or prior consent of, or in consultation with or at the request or suggestion of, any *candidate* or authorized committee or agent of a candidate. 100.16; 109.1(a).

In-Kind Contribution – A *contribution* of goods, services or property offered free or at less than the *usual and normal charge*. The term also includes payments made on behalf of, but not directly to, *candidates* and *political committees*. 100.7(a)(1)(iii).

Joint Contribution – A *contribution* made by more than one person on a single check or other written instrument. 110.1(k)(1).

Labor Organization – An employee-representative *membership association* that deals with employers on grievances, labor disputes, wages, working conditions, etc. 114.1(d).

Leadership PAC - a nonconnected committee that might be associated with a member of Congress or other political leader, but nonetheless may remain legally unaffiliated with the candidate's *principal campaign committee*.

Limited Liability Company (LLC) - a business entity that is recognized as a limited liability company under the laws of the State in which it is established. LLCs that are treated as partnerships under the IRS code may make contributions. LLCs that have publicly traded stock or are treated as corporations under the IRS code are prohibited from making contributions or expenditures. 110.1(g).

Memo Entry – Supplemental or explanatory information on a reporting schedule. The dollar amount of a memo entry is not included in the total figure for the schedule. A memo entry is often used to disclose additional information about an itemized transaction that is included in the total receipts or disbursements for the current report or a previous report.

Multicandidate Committee – A *political committee* that has been registered at least 6 months, has more than 50 contributors and, with the exception of state party committees, has made contributions to at least 5 candidates for federal office. 100.5(e)(3).

MUR (Matter Under Review) – An FEC enforcement action, initiated by a sworn complaint or by an internal administrative action.

National Party Committees – *Political committees* established and maintained by a national political party. A party's national committee, House campaign committee and Senate campaign committee are defined as national party committees. 110.1(c)(2).

Negative Entry – A negative amount, shown in parentheses on a reporting schedule. The amount is subtracted from the total for that Schedule.

Net Debts Outstanding – The total of a *candidate committee's* unpaid debts with respect to a particular *election*, including estimated costs to liquidate the debts plus costs of terminating political activity (if appropriate) minus cash on hand and receivables. 110.1(b)(3)(ii); 110.2(b)(3)(ii).

Nonconnected Committee – A *political committee* that is not a *candidate committee*, a *party committee* or a *separate segregated fund*.

Nonelection Year – A year in which there is no regularly scheduled federal *election* (i.e., an odd-numbered year).

Nonfederal Account or Committee – An account or organization established solely for activity in connection with nonfederal (state and local) elections. Distinguished from *political committee*.

Nonfederal Election – An election for state or local office.

Ongoing Committee – A *political committee* that has not terminated and does not qualify as a *terminating committee*. 116.1(b).

Operating Expenditures – See *Administrative Expenses*.

PAC – Acronym for *political action committee*.

Party Committee – A *political committee* which represents a *political party* and is part of the official party structure at the national, state or local level. 100.5(e)(4).

Permissible Funds – Funds which do not violate the *Act's* limits or prohibitions.

Political Action Committee (PAC) – Popular term for a *political committee* that is neither a *party committee* nor a *candidate committee*. PACs sponsored by a *corporation* or *labor organization* are called *separate segregated funds* (SSFs); PACs without a corporate or labor sponsor are called *nonconnected committees*.

Political Committee – An entity that meets one of the following conditions:

- Any *separate segregated fund* upon its establishment.
- A *state party committee* or nonparty committee, club, association or other group of persons that receives *contributions* or makes *expenditures*, either of which aggregate over \$1,000 during a calendar year.
- A local unit of a political party that: (1) receives contributions aggregating over \$5,000 during a calendar year; (2) makes contributions or expenditures aggregating over \$1,000 during a calendar year; or (3) makes payments aggregating over \$5,000 during a

calendar year for exempt party activities.

- An authorized committee of a *candidate* (see *candidate committee*). 100.5.

Political Party – An organization that nominates or selects a *candidate* for election to *federal office* whose name appears on the election ballot as the candidate of the organization. 100.15.

Principal Campaign Committee – A committee authorized by the *candidate* as the principal committee of his or her campaign. 100.5(e)(1).

Prohibited Funds – Funds from entities who are prohibited from making *contributions* or *expenditures* in connection with, or for the purpose of influencing, a federal *election* (i.e., *corporations*, *labor organizations*, *foreign nationals* and federal *government contractors*). 110.4; 114.2; 115.2. See Chapter 2.

Public Political Advertisement – A communication aimed at the general public through print or broadcast media, posters, yard signs, billboards, direct mailing or other means. 110.11(a)(1).

Receipt – Anything of value (money, goods, services or property) received by a *political committee*.

Refunded Contribution – A contribution is refunded when the recipient committee deposits the contribution and sends the contributor a check for the amount (or a portion) of the contribution. 103.3(a). Compare with *returned contribution*.

Restricted Class – Those individuals within a *corporation* or *labor organization* who may be solicited for *contributions* to the organization's *separate segregated fund* at any time and who may receive communications containing express advocacy from the organization. 114.3(a); 114.5(g); 114.7(a) and (h); and 114.8(c), (h) and (i).

Returned Contribution – A contribution is returned when the recipient committee sends the original check (or other negotiable instrument) back to the contributor, without depositing it. 103.3(a). Compare with definition of *refunded contribution*.

Runoff Election – An election held after a primary or a general election when no candidate wins the previous election. 100.2(d).

Separate Segregated Fund (SSF) – A *political committee* established or financially supported by a *corporation* or *labor organization*; popularly called a *political action committee* or PAC. 114.1(a)(2)(iii).

Special Election – A primary, general or runoff election which is not a regularly scheduled election and which is held to fill a vacancy in the House of Representatives or Senate. 100.2(f).

State Party Committee – A *political committee* which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the party at the state level. 100.14(a).

Terminating Committee – A *political committee* that is winding down its activities in preparation for filing a termination report. A terminating committee has ceased to make or receive *contributions* (other than to receive contributions for debt retirement purposes) or make *expenditures* other than for payment of debts and obligations or for winding-down costs. 116.1(a).

Trade Association – A *membership organization* consisting of persons engaged in a similar or related line of commerce. A trade association is organized to promote and improve business conditions and does not engage in regular business for profit; the net earnings of a trade association do not accrue to the benefit of any member. 114.8(a).

Transfer – With regard to *separate segregated funds*, a payment by one committee to an *affiliated committee*. 102.6(a).

Unauthorized Single-Candidate Committee – A *political committee* not authorized by any *candidate*, which makes *contributions* or *expenditures* on behalf of only one candidate. 100.5(e)(2) and (f)(2).

Usual and Normal Charge – With regard to **goods** provided to a political committee, the term refers to the price of those goods in the market from which they ordinarily would have been purchased at the time they were provided. With regard to **services**, the term refers to the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered. 100.7(a)(1)(iii)(B).

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